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FARM PRICES

Prices of farm products are about one-third higher than a year ago. Most of this advance has occurred in crop prices due to curtailed supplies and improvement in the demand for these products. Livestock prices have continued low because of large marketings, large potential supplies of cattle, and relatively high feed prices. However, it is significant that suspension of gold payments, improvement in business conditions and increased consumer buying power have maintained or increased livestock prices despite the increase in production and market supplies.

Although the rise in prices of farm products has contributed much to improve the conditions of farmers by more than offsetting reductions in the size of many crops, the benefit payments to farmers have been an important addition to farmers' incomes during recent months. The level of farm prices has consequently become somewhat less significant as an indicator of farm incomes. The significance of the index of purchasing power of farm products as measured by the ratio of prices received to prices paid by farmers has also been altered by the application of processing taxes and benefit payments.

The general level of prices received by farmers is now about the same as in December when the level was 68 percent of the 1910-1914 average. Prices of cotton, grains, apples, potatoes, cattle and lambs improved in late December and early January. Egg prices are seasonally lower and prices of dairy products, chickens and hogs continue low. Although livestock prices are, for the most part, only a little higher than a year ago, feed grain prices are about twice as high as at this time last year. Consequently, livestock feeders are at a marked disadvantage because of the continued low prices for their products and increased expenses.

Prices paid by farmers for commodities advanced one point from November to December to 118 percent of the 1910-1914 average, whereas prices received by farmers declined three points. The index of purchasing power of farm products in mid-December was 58 percent of the pre-war average compared with 61 in November, 49 last February which marked the 1933 low point, and 50 in December 1932.

WHOLESALE PRICES

The general level of wholesale prices in the United States has fluctuated within a range of 103 and 104 percent of the 1910-1914 average since mid-September. After reaching the post-war low point of 87 in early March prices recovered rapidly until July as economic conditions improved and as the dollar depreciated sharply in foreign exchange. Wholesale prices for the year 1933 averaged about 96 percent of the pre-war average, or about 2 percent higher than in 1932, but 10 percent less than in 1931.

The week ended March 4, 1933 was the low point in practically all groups of wholesale commodity prices, except fuel and lighting products which reached their low point in June. The level of wholesale prices by commodity groups for selected dates in relation to their pre-war average, the percentage decrease from 1929 to March 4, and the increases from early March to late December are as follows:

1910-1914 = 100

Commodity	1929 average	Week ended Mar. 4, 1933	Week ended Dec. 30, 1933	Percentage decrease 1929 to Mar.4,1933	Percentage increase Mar. 4 to Dec.30,1933
Building materials	173	127	155	27	22
House furnishing goods	173	133	150	23	13
Fuel and lighting	158	122	141	23	16
Hides and leather	169	105	139	38	32
Textiles	161	90	135	44	50
All commodities	139	87	103	37	18
Metals	118	91	98	23	8
Foods	155	83	97	46	17
Chemicals and drugs ...	116	88	90	24	2
Farm	147	57	78	61	37
Miscellaneous	75	54	60	28	11

Prices of raw materials entering international trade advanced sharply after gold payments were suspended on April 19. This price rise was more pronounced for import than for export commodities. Prices of 10 major imports advanced 75 percent from the first half of April to mid-July compared with an advance of about 40 percent in prices of 10 major exports which is in line with the advance in the value of the French franc (gold) in United States currency. Since mid-July the spread between these indices has narrowed, due largely to a decline in import prices. On January 8, 1934 the index of 10 import commodities (raw silk, coffee, rubber, sugar, cocoa beans, cheese, hides, wool, flaxseed and tin) was 160 percent of the April 1-15, 1933 average compared with 154 as the relative dollar value of the French franc, and 147 for 10 export commodities, viz., cotton, wheat, tobacco, lard, rice, apples, prunes, raisins, copper and lead.

Wholesale prices in England in December were practically unchanged from the level of the previous 6 months, whereas in Germany prices advanced a little in November for the seventh consecutive month. In France, prices declined from July through November. Prices in Italy were steady in December after declining from July to November. In Japan, prices fluctuated within a narrow range from February through October. (See fig. 2 at end of report) Canadian prices in November recovered about one-third of the July-October decline.

BUSINESS CONDITIONS

Industrial activity in several major lines of production in December continued the upward trend begun the latter half of November. The New York

Times weekly index of business activity advanced from 71.8 for the week ended November 4 to 80.2 for the week ended December 30. The most noticeable increase occurred in steel mill activity, car loadings and automobile production; with slight increases in the production of lumber and electric power and no change in cotton forwardings.

Building activity increased sharply in December. The daily average of contracts awarded in the first 19 business days of December was nearly 50 percent above that of November and almost three times as large as in December last year, with all types of construction sharing in the increase.

The Federal Reserve Board's index of industrial production for November was 73 percent of the 1923-1925 average, compared with 77 in October and 65 in November 1932. The greatest decline in activity from October to November occurred in the iron and steel, and automobile industries. Both of these industries increased production in December over that of November and with building and construction increasing rapidly and new automobile models being introduced, the prospects are for material further improvement in these industries in the spring months. As these industries are the largest employers of labor and also use a large part of the products of many other industries, any marked increase in output is likely to be accompanied by increased employment and payrolls which should be reflected in an improved demand for farm products.

Reports on retail sales of chain stores and department stores indicate that the value of retail sales made more than the usual seasonal increase from November to December and were considerably higher than a year ago. A large part of the increase over a year ago is due to higher retail prices. Fairchilds retail price index of goods sold by department stores was 88.0 for December 1933 compared with 72.6 in December last year. The Federal Reserve Board's index of the value of retail sales by department stores was 68 for December compared with 65 in November and 60 in December last year. Mail order house sales in December were over 20 percent greater than in November and about 20 percent above December last year.

The Federal Reserve Board index of factory payrolls declined from 55.6 in October to 53.1 in November but was still 28 percent above November 1932. Payrolls for several nonmanufacturing industries and for railroads also declined slightly in November, but income from farm marketings in November was the highest for any month since July after adjustment for seasonal variation.

General business activity in most foreign countries has made some improvement in the past month. A new index of business activity has recently been computed for Great Britain by The Economist which includes employment, consumption of coal, electricity, iron and steel, and cotton, merchandise movement of railroads, postal receipts, motor vehicles registered, building activity, foreign trade and bank clearings. This index was not received in time to replace the quarterly index of business activity in England as shown in Figure 3 of this report. According to this new index, industrial activity in England has been improving since September, 1931 when gold payments were suspended. Improvement in activity was rather marked from September 1931 until the middle of 1932. During the third quarter of 1932 business activity receded somewhat but improvement was resumed in the final quarter and continued during the first 10 months of 1933, the index of business activity in September reaching 104 percent of the 1924 level. Some recession occurred

in September and October but the index for November was 103 and industrial news suggests that the principal branches of economic activity had made further headway in December. The expansion in the iron and steel and engineering industries is especially encouraging. Unemployment showed a further decline in December and during 1933 was reduced by nearly 700,000 persons.

Industrial activity in France was slightly lower in October than in September, but recently business activity has been steady. In Germany large gains in domestic trade have been partly offset by losses in export trade. Year end statistics show marked increases for 1933 over 1932 in buildings and industrial production in heavy industries, but only slight improvement in the production of consumers goods. Business activity in Japan continues at high levels. The foreign trade of that country in 1933 increased 33 percent over 1932 which has increased activity in many lines of production and trade. (See fig. 3)

WHEAT

During the past month wheat prices in the United States have been more steady than for any like period of time since last May. At Chicago, May futures have fluctuated within a range of less than 10 cents per bushel since December 1. The smaller fluctuation may be attributed in part at least to the more stable value of the dollar, relative to foreign currencies, which has been in evidence since early December. Liverpool prices have shown little change since mid-October when measured in British currency. Since early December Liverpool May futures have fluctuated but little from a level of 67 cents per bushel, while at Chicago May futures have fluctuated about a level of approximately 85 cents per bushel. The low crop conditions, with the reduction in winter wheat seedings, indicate a winter wheat crop of only about 435,000,000 bushels; and an average yield of spring wheat on the acreage seeded last year would bring the total to only about 725,000,000 bushels. Some further curtailment in winter wheat acreage is expected in compliance with contracts, and a reduction in spring seedings is comtemplated.

The United States average farm price as of December 15 was 67.3 cents per bushel compared with 71.1 cents in November and 31.6 cents in December 1932. The movement of market prices since mid-December indicates that the January 15 price will be but little different from that of December 15.

The weighted average price of all classes and grades of wheat at six markets was 83.0 cents for December compared with 86.7 cents in November. From an average of 83.0 cents for the first week in December all classes and grades rose to 84.1 cents in the second week, and then declined to 81.2 cents for the week ended December 30. The average was but little higher for the first week of January, being 81.8 cents per bushel. There was but little change in the relative prices of the various representative wheats. For the week ended January 6, No. 2 Hard Winter at Kansas City averaged 81.2 cents per bushel compared with 88.6 cents for No. 2 Red Winter at St. Louis, 84.4 cents for No. 1 Dark Northern Spring at 99.4 cents for No. 2 Amber Durum at Minneapolis. No. 2 Amber Durum was the only one of these representative wheats which was materially higher during the first week of January than in the last week of December.

The official report of fall sowings and condition of wheat as of December 1 indicates that the area of wheat seeded in the fall of 1933 was 41,002,000 acres. This is 4 percent less than the revised estimate of the

acreage seeded in the fall of 1932. The estimated acreage seeded in the years 1929 to 1931 averaged 44,186,000, and seeding in the fall of 1933 was 7.2 percent smaller than this average. This compares with a reduction of 15 percent from the average acreage seeded in the years 1929 to 1930 required of farmers who apply for wheat allotments. It is to be borne in mind, however, that many acreage reduction contracts with farmers were approved for a smaller acreage than had already been seeded. Hence , it is to be expected that a considerable amount of the area sown in the fall of 1933 will be utilized for pasture, or hay, or else plowed under in order that the farmers may comply with the terms of their wheat allotment contracts.

The condition of winter wheat as of December 1 is indicated to be only 74.3 percent of normal as compared with a 10-year average condition of 83.5 percent and last year's figure of 68.9 percent. The poor condition of the crop was due in large measure to lack of moisture in important wheat regions of the Great Plains. Judging from past relationships, it is to be expected that the abandonment of 1933 seedings would be in the neighborhood of 20 percent. A low yield is also likely as a result of the poor condition of the crop so that under normal conditions a crop of about 435,000,000 bushels for 1934 would seem likely as compared with last year's crop of 351,000,000 bushels. The figure of 435,000,000 bushels does not take account of the reduction in acreage for harvest which will presumably be made in order to comply with allotment contracts. Taking into consideration all factors which are now apparent, it seems reasonable to expect that if spring wheat yields should be about average on the acreage of last year, the total crop of wheat for the United States in 1934 would be but little over 650,000,000 bushels. This would compare with 527,000,000 harvested last year, and an average of 860,000,000 bushels harvested in the 5 years 1928 to 1932.

World wheat shipments continue at a low level, and have amounted to 264,579,000 bushels from July 1 to January 6 compared with 293,480,000 during the corresponding period of last year. One of the notable features of world shipments during December was the fact that in each of the last 2 weeks of the month total shipments were higher than in either of the 2 preceding weeks. This was contrary to the usual seasonal tendency. Shipments reported for the week ended January 6 fell to a new low level for the season, amounting to 7,422,000 bushels compared with the season's previous low level of 7,936,000 bushels for the week ended December 9.

CORN

Corn prices showed some improvement during December as compared with November, both farm and market prices being somewhat higher. The strengthening of the market may be attributed in part, at least, to the government loan policy on corn which got well underway during December. This has tended to reduce the movement from farms. However, the relatively small supplies now available on farms are also important in contributing to the strength of prices.

The United States average farm price as of December 15 was 42.0 cents per bushel compared with 40.6 cents in November and 18.8 cents for December 1932. The market price changes during the past month indicate that the January 15 price will be about the same as or slightly higher than the December 15 price. At Chicago, No. 3 Yellow corn which averaged 44.4 cents in November rose to an average of 46.5 cents for December. For the week ended January 6 it was 48.6 cents. This latter figure is the highest weekly average

reached thus far during the current season. The highest weekly average previously reached this season was 48.5 cents for the week ended December 16.

Receipts of corn at primary markets during December amounted to 16,000,000 bushels compared with 11,600,000 during December of last year and an average of 25,400,000 for December of the 5 years 1929 to 1933. Receipts during December, contrary to their usual seasonal movement, were much smaller than those for November, there being a decline from 22,200,000 to 16,600,000 bushels. In spite of the decrease in receipts for the month of December, commercial stocks have continued to mount, as they normally do at this season of the year. At the close of the week ended January 6, commercial stocks amounted to 69,700,000 bushels compared with 30,900,000 on the corresponding date of last season, and an average of 18,300,000 as of the corresponding date of the past 5 years. This season, stocks have increased from 61,400,000 bushels for the week ended October 28 to 69,700,000 as of January 6, an increase of 8,300,000 bushels compared with an increase of 2,600,000 bushels during the corresponding period of last year. The usual increase in stocks during the first 2 months of the marketing season is much greater however. Thus, in the past 5 years the average increase from the beginning of November to the end of the first week of January has amounted to 9,200,000 bushels.

Wet process grindings during December showed a very marked decline from the November level and were the smallest for the month of December since 1920. They amounted to 3,900,000 bushels compared with 5,200,000 last year, and an average of 5,500,000 for the past 5 Decembers. The low level during December was no doubt due primarily to the fact that wet process grindings had been speeded up during the previous month in anticipation of the processing tax on corn. During November grindings had amounted to 8,700,000 bushels compared with 5,600,000 a year previous, and a 5-year average of 6,200,000 bushels. These wet process grindings do not include corn used directly for brewing and distilling, both of which have increased in the past year.

Corn stocks on farms January 1 are estimated at 1,423,000,000 bushels. This is smaller than for either of the past 2 years, though considerably larger than the record low level of 1,118,000,000 bushels on farms on January 1, 1931. (January 1 farm stocks are available only from 1927 to date.) Oats stocks on farms, however, were smaller than for any January 1 on record, amounting to only 450,000,000 bushels, compared with 673,000,000 last year, 644,000,000 in 1930, and a low of 628,000,000 on January 1, 1928. No estimate is made for farm stocks of barley as of January 1, but judging from the size of crop harvested in 1933, barley stocks, like oat stocks probably are much smaller than in any of the past 7 years. The combined farm and commercial stocks of corn on January 1 amounted to 1,493,000,000 bushels compared with 1,838,000,000 last year and 1,400,000,000 in 1930. A similar total for oats is 498,000,000 bushels this year compared with 790,000,000 in 1933 and 673,000,000 as of January 1, 1930.

TOBACCO

Prices for the several kinds of tobacco that were being marketed in December moved unevenly during the month, with a general downward tendency. For Virginia fire-cured, and burley, the selling of which commenced early in December, prices per pound which were reported at around 6.0 cents and

11 to 12 cents, respectively, caused the closing of markets. At the same time, action was taken to postpone until after the holidays the opening of markets for One Sucker, Green River, and most of the western fire-cured types. Prices for flue-cured tobacco as shown by State reports declined from 19.2 cents in November to 17.2 cents in December, part of which was a seasonal decline resulting from changes in the quality of tobacco marketed. Flue-cured prices in December 1932 averaged 10.2 cents.

Growers of the Burley, fire-cured, and dark air-cured types of tobacco, beginning in December, have been offered contracts by the Agricultural Adjustment Administration to reduce production in 1934 by amounts varying from 25 percent in the case of fire-cured up to as much as 50 percent in the case of Burley.

Supplies of all these types (production plus carry-over) in relation to consumption are about 50 percent above normal. Burley supply is estimated at 1,150,000,000 pounds, compared with an annual domestic consumption and exports of around 280,000,000 pounds; the fire-cured supply is estimated at 350,000,000 pounds compared with consumption and exports of around 135,000,000 pounds; the dark air-cured supply is estimated at 123,000,000 pounds compared with consumption and exports of around 45,000,000 pounds.

A marketing agreement between the principal domestic buyers and the Secretary of Agriculture has been completed for Burley, and similar agreements are under consideration for the other types. The chief purposes of these agreements are to aid growers in capitalizing upon their contracted reduction of the 1934 crop in terms of higher prices for the 1933 crop. The Burley marketing agreement provides that the ten contracting companies shall purchase out of the 1933 crop minimum quantities equal to the number of pounds manufactured last year (estimated at 260,000,000 pounds) and that they shall pay an average price of not less than 12 cents per pound for all their purchases.

Markets opened early in January for all the above types, except Virginia fire-cured where the opening is scheduled for January 15, with prices unofficiall reported at levels showing some improvement over those prevailing at the time of closing, grade and quality considered. The One Sucker crop started selling at around 6.8 cents per pound compared with an average of 4.8 cents for the 1932 crop, Green River opened at 6.0 cents, compared with 3.4 cents for the 1932 crop, and the western fire-cured types are selling at about 40 to 50 percent above last year (when those types averaged 5.7 cents per pound), according to press reports.

The quantity of leaf tobacco used in the manufacture of tobacco products, as indicated by monthly reports of the Commissioner of Internal Revenue, for November showed some decline from the level of other recent months, and was below that of November 1932. The number of tax stamps issued for cigars was slightly larger than in October and also about 1 percent above the number issued in November 1932, but the number of such stamps issued for cigarettes in November was 10 percent smaller than a year earlier, the number issued for manufactured tobacco (chewing and smoking combined) was 9 percent smaller than a year earlier, and the number issued for snuff was 8 percent smaller.

The wholesale price of the leading brands of cigarettes was increased on January 9, 1934 to $6.10 per thousand from $5.50 per thousand, a price which had been in effect for these brands since February 12, 1933 when a reduction was made from $6.00. Previous to January 3, 1933 the

price was $6.85 per thousand, the reduction to the level of $5.50 having been made following the large gains reported for sales of the lower priced brands of cigarettes.

Exports of leaf tobacco during November were 42,600,000 pounds compared with 64,500,000 pounds in October, 44,500,000 in November 1932, and a 5-year average for November of 61,000,000 pounds. As is usual at this season flue-cured exports represented around two-thirds of the total, being 33,300,000 pounds compared with 51,600,000 pounds in October and a 5-year November average of 51,900,000 pounds. Exports of the fire-cured types were 6,900,000 pounds which were somewhat larger than the November exports of either of the 2 preceding years, and equal to the 5-year average for November. Exports of the dark air-cured types, including rehandled tobacco, continued at a reduced level in November, and amounted to only 740,000 pounds.

POTATOES

The short supply of late potatoes this season is now being reflected in rising prices in central markets. The low point of the late summer and fall decline in potato prices was reached early in November and in the first week of January prices of all grades and varieties sold in central markets had risen about 35 percent. With the car-lot movement continuing to gain over that of last season, the prospects are for the shortage in old stock potatoes to become more pronounced and for prices to advance steadily until about April when the southern new crop usually begins to move in volume.

At New York, potato prices have risen 32 percent from the low point of $1.65 per 100 pound sack for the week ended November 18. During the first week of January 1934, l.c.l. prices averaged $2.17 per 100 pound sack compared with $1.16 a year ago. At Chicago, potato prices have risen 38 percent from the low point of $1.12 per 100 pound sack during the week ended November 4. During the last week of December Chicago car-lot prices rose 23 cents per 100 pound sack and were quoted at $1.54 for the first week of January 1934. A year ago they averaged 76 cents.

Shipping point prices have also shown marked advanced during recent weeks. Maine Green Mountains at Presque Isle averaged about $1.43 per 100 pound sack f.o.b. during the first week in January against $1.15 during the first week in December and $1.00 in the middle of November. Round Whites at Rochester, N. Y. averaged $1.4[illegible] per 100 pound sack for the first week of January compared with $1.15 a month ago and $1.10 the low point in mid-November. At Waupaca, Wisconsin, they averaged $1.27 per 100 pound sack against $1.03 a month earlier and 95 cents the low point of the last week of October. Michigan Russet Rurals were quoted at $1.58 per 100 pound sack (Cadillac rate) during the first week of January compared with $1.18 during the first week of December and about $1.05 the fall low point reached in the first week of November. At Idaho Falls, f.o.b. cash track prices averaged 91 cents per 100 pound sack for the first week of January compared with 80 cents in December and 72 cents the low reached in mid-October.

The United States farm price of potatoes as of December 15, averaged 80 cents per bushel compared with 73.1 cents on November 15, 61.7 cents on December 15, 1932, and 85.8 the December 1910-1914 average.

Car-lot shipments of late potatoes this season have run ahead of those of last season from the very beginning and are now about 19,000 cars

greater. Shipments during the first week of January totaled 4,654 cars compared with 3,465 for the same week a year ago. Total rail and boat shipments from the late states to January 6 amounted to 77,368 cars compared with 58,771 cars shipped to January 7 last year and a season total of 140,034 cars. While no official estimate has yet been made of the stocks of late potatoes on hand January 1, it is probable that about 78,000 cars will be moved by rail or boat after that date. Stocks are considered ample in the Eastern and Western States but are low in many of the Central States.

HOGS

The seasonal decline in hog prices which started after mid-October continued through the first half of December, but in the final week of 1933 prices strengthened and further advances occurred during the first part of January. Prices in the second week of the new year were about 30 cents per 100 pounds, or 10 percent higher than at the low point in December. In view of prospects for a greater-than-average seasonal reduction in hog slaughter supplies during the next 3 months and a somewhat stronger demand for hog products than prevailed in the 2 previous winters, further seasonal improvement in hog prices may be expected.

The decline in the weekly average of hog prices at Chicago from the October high point of $4.75 to the December low of $3.18 amounted to $1.57, or 33 percent. During the corresponding period in 1932, the weekly average at that market declined from $3.59 to $2.95, or about 18 percent. In 1932, however, the peak price was made in early July when the average reached $4.89, and prices declined steadily from then until the final week of the year. The total decline during the 6 months amounted to $1.94 or about 40 percent.

The seasonal price movement in the fall of 1933 was influecned by such unusual factors as the slaughter of more than 6,000,000 pigs in August and September in connection with the Federal hog production control program, the later purchase of large supplies of hogs and pork for government account for use in human relief, the levying of a hog processing tax of 50 cents per 100 pounds in early November, which was increased to $1.00 in December, and an unfavorable hog-corn price ratio which tended to force farmers to market their hogs early and at lighter-than-average weights. A sharp price advance during the second half of September and the first week of October, resulting largely from a reduction in current slaughter supplies, was followed by an equally sharp decline during the remainder of October. The October decline apparently was influenced to a considerable extent by the announcement on October 17 of the tax on hog processing and on floor stocks of hog products, effective November 5. Some recovery in prices occurred immediately after the tax became effective, but after the middle of November the decline was resumed and continued until mid-December. Although the decline was in part seasonal, some of it, no doubt, was due to shifts in the time of movement of hogs to market and to readjustments in the relationship between hog prices and prices of hog products as a result of the levying of the processing tax. This tax originally was scheduled to be increased from $1.00 to $1.50 on January 1, but the increase was postponed until February 1. According to present plans the tax will be $1.50 per 100 pounds live weight through February and will be raised to $2.25 on March 1. This latter rate is to continue through October 1934.

Hog slaughter in October was unusually small but in November it was unusually large. The combined total for the 2 months, however, was not greatly different from that for the corresponding period of 1932. The total for December of 4,529,664 head, was about 1 percent smaller than that of the previous December and was only slightly larger than that of November. The total number of head for the first quarter of the current marketing year, which began with last October, was about 1 percent larger than that of the corresponding period in 1932.

The hog-corn price ratio for the North Central States declined from 10.4 in November to 7.5 in December, which was the lowest ratio for the latter month in the 24 years for which records have been kept. In December 1932 the ratio was 16.9. The drop in the ratio from November to December was the result of a small increase in the price of corn while hog prices continued to decline. This increasingly unfavorable ratio caused producers to market their hogs at lighter-than-average weights, and the increased proportion of light hogs in market receipts recently has resulted in light hogs selling at a considerable discount under medium weight hogs.

Wholesale prices of fresh pork strengthened somewhat during December after having declined through November. Prices of most cuts of cured pork, however, were steady to lower during the month; lard prices also weakened late in the month. The average price of $10.25 per 100 pounds for 10-12 pound fresh loins at New York during the last week of December was 70 cents higher than a month earlier and approximately $1.30 higher than for the corresponding week of 1932. The composite wholesale price of hog products at New York in December averaged $11.08 per 100 pounds compared with $11.86 in November and $9.41 in December of the previous year. The retail value at New York of hog products from 100 pounds of live hog was $8.32 compared with $8.46 in November and $7.46 in the previous December. The spread between the price of 100 pounds of live hogs in Chicago and the retail value of hog products at New York was $4.94 compared with $4.32 in November and $4.30 in December 1932.

Storage stocks of hog products continued to increase during December. The total increase was not greatly different from that in December 1932, but total exports in that month were larger than those of a year earlier and pork and lard production was smaller. Consequently the apparent consumption of hog products was smaller than in December 1932, despite the fact that storage stocks of both pork and lard were much larger. Pork stocks on January 1, 1934, amounting to 627,000,000 pounds, were 132,000,000 pounds larger than on December 1. They were 28 percent larger than at the beginning of 1933 but they were only 8 percent larger than the 5-year average holdings on that date. Lard stocks were increased 22,000,000 pounds during December and the total of 132,000,000 pounds on January 1, was three times as large as a year earlier, twice as large as the 5-year average for January 1, and was the largest on record for that date.

Exports of both pork and lard during November were materially larger than in November 1932. Pork exports, totaling 16,000,000 pounds, were 5,000,000 pounds larger than a year earlier. They were the largest for any month since May 1931, but were 2,000,000 pounds smaller than the 5-year November average. Lard exports, amounting to almost 48,000,000 pounds were about 32 percent larger than a year earlier and were the largest for November since 1929, but were 11 percent smaller than the 5-year average for the month despite the increase of nearly 9 percent in production. Shipments of both pork and lard from the principal

ports during December were larger than in December 1932. The decline in the exchange value of the dollar has been an important factor in the increase in the exports of hog products during recent months. The rebate of the equivalent of the processing tax on exports of pork and lard has also stimulated exports. Impending increases in ocean freight rates may also have speeded up deliveries in December. Exports of pork from the principal ports during the 4 weeks ended December 30 were nearly three times as large as those in the corresponding weeks in 1932, and exports of lard were about 60 percent larger.

The total fall pig crop of 1933 was about 3 percent smaller than that of a year earlier, according to the December 1 Pig Crop Report of the United States Department of Agriculture. Although there was little change in the combined fall and spring pig crop of 1933 from that of 1932, there is an indicated decrease of about 8 percent in the number of sows to farrow in the spring season of 1934 from the number farrowed in the spring season of 1933. The latter estimate, however, does not take into consideration the efforts of the hog reduction program of the Agricultural Adjustment Administration now in progress, since it was based on breeding intentions as reported about December 1, and the reductions represent largely what might be expected from the present low price of hogs, the short corn crop, and the very unfavorable feeding situation because of low hog prices and high corn prices.

The number of pigs saved in the fall season of 1933 is estimated at 28,758,000 head, or about 1,000,000 head smaller than a year earlier. This decrease is the result of a smaller average number of pigs saved per litter since there was little change in the total number of sows that farrowed. The combined spring and fall pig crop in 1933 is estimated at about 80,000,000 head, which is only about 200,000 head larger than the combined crop of a year earlier. For the Corn Belt States, however, the estimated total of 61,758,000 head is 1,600,000 head, or 2½ percent larger than in 1932. These estimates include the 6,200,000 pigs slaughtered during the emergency hog production control program in August and September.

CATTLE

Cattle prices in December recovered slightly from the very low level reached in mid-November, largely as a result of some seasonal reduction in market receipts. Except for November, however, the Chicago average price of all grades of slaughter steers for December was the lowest since last April. Purchases of a fairly large number of canner cows or of beef from such cows by the Federal Surplus Relief Corporation during the present month may strengthen the cattle market to some extent, especially for the lower grades. With smaller supplies of fed cattle available for the first quarter of 1933 and reduced market supplies of other livestock probable, it seems likely that some advance in the prices of all kinds of cattle combined will occur during this period. In view of the fact that the normal seasonal movement of prices of the better grades of slaughter cattle is downward during the first half of the year, a substantial price rise in case of these grades will depend to a considerable extent upon further improvement in consumer buying power.

Prices of all kinds of slaughter cattle advanced in early December as market receipts were curtailed, but a slight increase in marketings together with increased purchases of poultry for the holiday season caused prices to weaken in mid-December. Storms and low temperatures in many sections reduced marketings of cattle and calves toward the end of the month and prices again advanced. This advance was fairly well maintained in early January. The weighted average price of all grades of slaughter steers at Chicago was $5.17 per 100 pounds in December compared with $5.15 in November and $5.44 in December 1932. Prices of the better grades of slaughter steers in December averaged considerably lower than a year ago, but prices of the poorer grades were only slightly lower. The Chicago average price of choice and prime grade steers for the month was $5.77 compared with $6.66 in December 1932. Similar price comparisons for common grade steers were $3.61 and $3.74 respectively. Prices of cows and heifers during the month were slightly higher than a year earlier. Stocker and feeder cattle prices also advanced slightly during December, but averaged somewhat below those of the corresponding month in 1932.

Receipts of cattle at seven leading markets during December were 12 percent larger than in December 1932, but were 13 percent smaller than the 5-year average for December. Inspected slaughter of cattle in November totaling 721,000 head was 27 percent larger than in December a year earlier, and was the largest for the month since 1927. The proportion of heavy well finished cattle in the slaughter supplies continued unusually large. Heavy weight cattle continued to sell well under the light and medium weight groups, but the discrimination against weight was somewhat less severe than in November. The total number of slaughter steers of choice-and-prime and good grades at Chicago during December was the largest for the month in the 12 years that records are available, and the proportion that these two grades constituted of the total number of slaughter steers was much the largest for the month on record. Inspected slaughter of calves in December, although slightly smaller than in November, was the largest for the month since 1927.

Cattle slaughter under Federal inspection for the entire year of 1933 amounted to 8,655,000 head, which was about 1,000,000 head or 14 percent larger than in 1932, and was the largest yearly total since 1927. Calf slaughter during 1932 totaled 4,907,000 head, the largest since 1926. The year just ended is the first since 1926 in which cattle slaughter has exceeded that of the preceding year. This relatively large increase in the slaughter of cattle and calves last year is to a considerable extent the result of the increase in numbers of cattle on farms and ranges which has been underway since 1928.

Shipments of stocker and feeder cattle from the leading markets in December were somewhat smaller than in December 1932, and were much the smallest for the month in other recent years. Inspected shipments of stocker and feeder cattle and calves from July to November of 1933 were about 8 percent less than in the corresponding months of 1932, and were the smallest for that period in many years. Because of the very low level of prices of finished cattle, the short corn crop in 1933, and the relatively high prices of corn, cattle feeding operations this winter will doubtless be much smaller than last year. Smaller supplies of well finished grain fed cattle, therefore, are expected during the first half of 1934, at least.

BUTTER

Butter production in November was 2.4 percent larger than a year earlier; this was the smallest increase over the same month of the preceding year since May. Cold storage stocks are unusually large, but a considerable amount of government owned butter that is to be used for relief is included in the storage holdings. Butter prices declined sharply in mid-December when it was announced that purchases by the Dairy Marketing Corporation were to be discontinued. The farm price of butterfat is unusually low in relation to prices of feed grains. With this price relationship and the short supplies of feed grains it is probable that the rise in production from the seasonal low point in November till the beginning of the pasture season will be less than the usual seasonal increase.

The price of 92-score butter at New York declined from 22.1 cents for the week ended December 9, to 17.2 cents for the week ended December 23. The average price in December of 20.1 cents was 4.0 cents less than a year earlier. The farm price of butterfat on December 15 was 18.0 cents, the lowest since April. On December 15 the farm price of butterfat in relation to feed grains was the lowest for that date since 1917. Butterfat prices have been relatively low, compared with feed grains for the past 6 months. This price relationship together with the short supply indicates that grain feeding during the first half of 1934 will probably be considerably less than in the same period of 1933.

Creamery butter production in November was 112,400,000 pounds or 2.4 percent more than a year earlier. Total production of the principal manufactured dairy products in November, however, was 2.6 percent less than a year earlier. During the period in which the government was purchasing butter, butter prices were maintained relatively high as compared with other manufactured dairy products, and butter production tended to be stimulated. November was the first month since April in which total production of the principal manufactured dairy products was less than in the same month of 1932.

Trade output of butter in November was 3.4 percent less than a year earlier. The changes in trade output and retail prices indicate that consumer expenditures for butter in November were about the same as in November 1932.

An announcement by the Agricultural Adjustment Administration on December 16, stated that, 43,060,626 pounds of butter had been purchased for relief purposes. It was also announced at that time, that the Federal Surplus Relief Corporation was in the market for 3,011,000 pounds of butter, and that bids were to be opened on December 28 for an additional 15,000,000 pounds. This would make up the total of more than 61,000,000 pounds. On December 1 cold storage holdings of butter were 68,000,000 pounds larger than the 5-year average for that date. Thus, the government purchases of butter for relief purposes were only 7,000,000 pounds less than the increase in December 1 cold storage holdings above the 5-year average.

Cold storage holdings of creamery butter on January 1 were 120,000,000 pounds compared with 22,000,000 a year earlier and the 5-year average of 48,000,000 pounds. Holdings of January 1 of this year include some butter purchased for relief purposes.

CHEESE

Cheese production is relatively light, but storage stocks are large, and with the sharp decline in butter prices, cheese prices also declined. Consumer expenditures for cheese continue somewhat less than in the same months of 1932. Low prices of dairy products in relation to farm prices of feed grains indicate a relatively small production in 1934 prior to the pasture season.

Cheese production in November of 24,400,000 pounds was 24 percent less than in November 1932, and was the lowest for that month since 1927. The decline in production from October to November of about one-third was only slightly greater than the usual seasonal decline. The index number of cheese production adjusted for seasonal variation (1925 to 1929 = 100) was 96 in November the lowest since the drought period of 1931. Production of American cheese in Wisconsin in November was 42 percent less than a year earlier. The light production in November was probably due in part to the relatively high prices for butter.

The price of cheese (twins) on the Wisconsin Cheese Exchange declined from 10.5 cents in November to 9.3 cents in December. The December price was the lowest since March 1933 and 1.2 cents less than a year earlier.

Trade output of cheese in November was about 7 percent less than in November 1932, compared with the 24 percent decline in production. The out-of-storage movement in November was relatively heavy. Based on the changes in retail prices and trade output, consumer expenditures for cheese in November were about 5 percent less than in the same month of 1932. In October the decline from the preceding year was about 3 percent.

Imports of cheese continue to be decidedly less than in the same period of 1932. In November, imports were down 25 percent and for the first 11 months of 1933 were down 14 percent. The depreciation of the dollar in foreign exchange has tended to curtail imports.

Cold storage holdings of American cheese on January 1 were 76,000,000 pounds compared with 57,700,000 pounds a year earlier and the 5-year average of 65,300,000 pounds.

EGGS AND CHICKENS

Market prices of eggs declined in December from their usual seasonal peak. There are indications that egg production is increasing at somewhat more than the usual seasonal rate. However production is small at present and is likely to continue to be relatively light, with a tendency to strengthen the price situation until early spring. Storage stocks are also relatively low though larger than last year's very small stock. Consumption of eggs continues at a high level. In the poultry market plentiful current supplies and storage stocks are likely to keep prices low until spring.

Prices of special packed mid-western fresh eggs at New York averaged 27.2 cents a dozen in December, a decline of 6.5 cents from the November average, and was 8.2 cents below the average price of December 1932. On January 5, the price was 24.5 cents. The farm price of 21.6 cents on December 15, declined 2.4 cents during the previous month and was 6.5 cents below the price a year before. The farm price of chickens on December 15 was very low at 8.6 cents a pound.

Receipts of eggs at the four markets during December were 529,000 cases compared with 573,000 cases a year before and a 5-year average of 602,000 cases. These are the lowest receipts in recent years. Low chicken prices, however, are apparently resulting in a saving of pullets since egg production, relative to a year ago, is increasing. Receipts of eggs at country packing plants during the last half of December were more than in the same period of 1932.

Receipts of dressed poultry at the four markets during December were 68,300,000 pounds compared with 72,700,000 pounds a year before and a 5-year average of 72,500,000 pounds. Receipts since September, however, have been greater than in the same period of recent years. The seasonal peak of receipts has evidently been passed. Hatchery reports for November indicate a larger production of broilers than last year, the number of salable chicks hatched during the month being 8 percent more than in November 1932, and orders for December delivery or later showing an advance of over 100 percent.

Cold storage stocks of frozen poultry on January 1 were 123,500,000 pounds compared with 111,800,000 pounds a year before and a 5-year average of 116,700,000 pounds.

Cold storage stocks of case eggs on January 1 were 733,000 cases compared with 159,000 cases a year before and a 5-year average of 1,129,000 cases. Storage holdings are usually exhausted by February or early March. Since the past season has been fairly favorable to storage operators, considering the difficulties of the situation and the size of the storage stock, the demand to store is likely to be strong next spring, and will tend to strengthen egg prices.

Consumption, as indicated by trade output in the four markets is quite high, 1,600,000 cases in December 1933 compared with 1,100,000 cases a year before.

LAMBS

The gradual improvement in lamb prices which developed in November continued through December and into early January, notwithstanding that slaughter supplies in December were 10 percent larger than in December 1932. Prices in the second week in January were at the highest level since mid-August 1933. Supplies of fed lambs for the remainder of the winter and the early spring are indicated to be smaller than a year earlier, consumer buying power is greater and wool prices are at a much higher level than they were a year ago, consequently further seasonal improvement in lamb prices is in prospect.

The moderate upswing in lamb prices which developed after the low point reached in the first week of November continued through December. Prices during the first 3 weeks of December were slightly above those in late November, and in the final week advanced 35 cents per 100 pounds. Good and Choice lambs, weighing 90 pounds down at Chicago during the last week of the year averaged $7.51 compared with $7.03 in the last week of November and $5.92 in the corresponding week of 1932. During the first week of January this average advanced to $7.64, which was $1.74 higher than a year earlier.

Supplies of slaughter lambs at the seven principal markets in December were somewhat smaller than those in November but were larger than in December of the previous year. Federally inspected slaughter in December, totaling 1,390,115 head, was approximately 125,000 head, or 10 percent, larger than in December 1932. Total slaughter in 1933, amounting to 17,353,550 head, was about 3 percent smaller than that of the previous year. Shipments of feeder lambs from seven markets during December were unusually small, being only two-thirds as large as those of December 1932.

Wholesale prices of dressed lamb in November moved somewhat in the opposite direction to the upswing in live lamb prices at Chicago. After the sharp advance in November, prices reacted during the first 3 weeks of December. Improvement developed after the Christmas holidays and continued through the first week in January. Prices in the latter week, however, were slightly below the best prices obtained in November. Retail prices of dressed lamb in New York during December were about steady with those in November, but were 3 percent lower than in December 1932.

Recent marketings of lambs have included an increasing proportion of Colorado and Nebraska fed lambs. Receipts of "natives" are decreasing in volume and during the remainder of the season market supplies will consist largely of fed "westerns". The supply of these, now on feed, however, is indicated to be smaller than that of a year ago.

WOOL

Trading in the Boston wool market has been rather slow during the past month. Reports of active trading and higher prices in foreign markets, however, have given considerable support to the domestic market and prices have been maintained with a few lines showing slight advances. The marketing season in the Southern Hemisphere continues to be featured by relatively heavy exports despite the smaller production. Opening prices at Sydney, Australia, in January were reported to be $7\frac{1}{2}$ to $12\frac{1}{2}$ percent higher than at the closing sales at this center on December 14. Changes in domestic wool prices during the first quarter of 1934 will depend to a considerable extent upon the maintenance of the present levels of manufacturing activity in the United States and in foreign countries.

Reports on the wool manufacturing industry in foreign countries continue favorable, particularly for the United Kingdom. Business in the wool-goods market in the United States was somewhat restricted by the holidays, but sales of worsted dress goods for prompt shipment are reported to have broadened and spring lines of men's wear show an increase. Medium and low priced goods are in best demand. The sharp advances in prices of wool goods are reported to have brought out an increased demand for mixed fabrics.

Quotations for fine (64s, 70s, 80s) strictly combing territory wool at Boston for the month ended January 6 remained unchanged at 85 cents a pound, scoured basis, and territory 3/8 blood (56s) was unchanged at 81.5 cents. Average prices for these wools in January 1933 were 44.0 cents and 38.2 cents respectively. The United States average farm price of wool was 24.2 cents a pound on December 15 compared with 23.8 cents on November 15 and 9.2 cents on December 15, 1932.

Consumption of combing and clothing wool by United States manufacturers showed a further decline in November. The index of consumption of such wool for November, adjusted for seasonal variation, was 99 (1923-1929 = 100). This was the first month since April in which the index fell below 100. Consumption reported in November was 10 percent below the October consumption, but was 6 percent larger than in November 1932. Consumption of combing and clothing wool in the first 11 months of 1933 was approximately 32 percent larger than in the same months of 1932 and was 2 percent above the average for the 11-month period in the years 1923-1929.

Imports of wool into the United States declined considerably following the heavy imports of the summer months. Total imports of combing and clothing wool through November, however, were the heaviest since 1930 and carpet wool imports during this period were heavier than in any year since 1929. Imports of combing and clothing wool in the first 11 months of 1933 amounted to 40,119,000 pounds compared with 14,822,000 pounds in the same months of 1932. Carpet wool imports were 118,573,000 pounds from January to November 1933 and 36,563,000 pounds in the same months of 1932. Receipts of domestic wool at Boston in 1933 set a new record for the years since 1900. Approximately 266,000,000 pounds of domestic wool were received at Boston in 1933 compared with 213,000,000 pounds in 1932 and the previous record of 254,000,000 pounds in 1931. Favorable marketing conditions in 1933 resulted in the movement to dealers, of a larger proportion of the clip than in recent years.

Although production in five important Southern Hemisphere countries in 1933-34 is estimated to be 11 percent below that of last season and 6 percent below the 5-year average 1927-1931, exports up to December 1, 1933 were 1 percent larger than those of a year ago. Exports for this period in 1933 were approximately 570,000,000 pounds. The carry-over of wool in Southern Hemisphere countries at the end of the 1932-33 season was lower than for the last 3 or 4 years.

COTTON

Cotton prices in domestic markets were rather steady during the first half of December. Toward the end of December, however, prices began an upward movement which by January 11 resulted in an average price of middling 7/8 inch cotton in the 10 spot markets of 10.80 cents per pound, or 1 cent above the price on December 18. This price on January 11 was the highest for the season to date, although about 3/4 cent below the high point reached last July, the last month of last season. Except for 7 days in mid-July when the 10 markets average was above 11 cents, the average on January 11 of 10.80 cents was the highest since August 1930.

Domestic mill consumption during December amounted to about 348,000 running bales, according to the Bureau of the Census. This was about 127,000 bales or 27 percent below the November consumption and 92,000 bales or 21 percent less than in December 1932, 67,000 bales below consumption in December 1931 and was lower than for any other December since 1920. The sharp decline and the low level of consumption in December reflects the 25 percent reduction in the maximum number of hours which cotton textile machinery was permitted to operate under the N.R.A. Cotton Textile code. Information available at this time indicates that certain sections of the

cotton textile industry will continue to operate under an agreement restricting the hours of operation during January. In other sections of the industry the maximum number of hours of activity will be the 80 hours per week allowed under the code rather than 75 percent of this maximum amount which was in effect during December throughout most of the industry. It is reasonable to expect, therefore, that consumption during January will be considerably higher than during December, but perhaps not equal to consumption in January 1933. Total domestic consumption for the first 5 months of the 1933-34 season amounted to 2,416,000 bales compared with 2,342,000 bales in the like period last season, 2,191,000 bales from August through December in 1931-32, and was the largest for the like period since 1929-30.

European mills have on the whole apparently maintained their activity during December at the levels near those existing during November, though trade reports indicate declines in some of the smaller countries. In Japan, mill activity is being maintained at or near record levels with very large proportions of American cotton being used. A report just received from Calcutta, India - through the State Department - states that arrangements have been completed between Japan and India whereby Japan is to resume the purchasing and importing of Indian cotton and India in turn is to permit the importation of rather large quantities of Japanese cotton cloth at a duty of 50 percent ad valorem instead of 75 percent which is the rate on all other non-British piece goods. This means that the proportions of American cotton used during the next few months may be somewhat smaller than the abnormally large proportions being used at the present time. It is doubtful however, if Japan will, over a period of a year or two, consume any smaller proportions of American cotton because of the agreement than would normally be expected under the present relation of Indian and American cotton prices.

Exports of American cotton during December amounted to 820,000 running bales compared with 915,000 bales during November and 1,040,000 bales during December 1932. For the 5 months, August to December, total exports from the United States amounted to 4,180,000 bales compared with 4,246,000 bales during the like period last season and 4,037,000 bales during the same 5 months in 1931-32. With the exception of last season, exports so far this season are still the largest for those months since 1928-29.

The world production of all cotton in 1933-34 has recently been tentatively estimated by the Bureau of Agricultural Economics at 25,500,000 bales of 478 pounds. This represents an increase of 1,900,000 bales over the small crop of 1932-33 which has been revised to 23,600,000 bales, and is less than the average production during the 5 years ended 1932-33. This seasons' domestic crop is now estimated at 13,177,000 bales. Production in foreign countries is estimated at 12,323,000 bales compared with 10,598,000 bales last season. The world acreage is now tentatively estimated at 74,700,000 acres compared with the revised estimate for last season of 76,500,000 acres. Owing to the reduction in the United States acreage the estimated world acreage for this season is the smallest since 1923-24. The estimated foreign acreage is 44,556,000 acres compared with 40,561,000 acres in 1932-33, and 42,095,000 acres in 1931-32.

Business statistics relating to domestic demand

Year and month	Industrial production	Factory payrolls	Factory employment	Commodity prices: United States: Prices paid farmers 2/	Commodity prices: United States: Wholesale 3/: 1910-1914 = 100	Commodity prices: United States: Wholesale 3/: 1926 = 100	Commodity prices: Foreign 4/: In foreign currency	Commodity prices: Foreign 4/: In dollars	Interest rates 5/	Industrial stock prices 6/
	1923-1925 = 100 1/						1926 = 100			
1929										
July	124	109	102	140	141	96	94	96	6.00	344
Oct.	118	106	100	140	139	95	94	96	6.19	321
1930										
Jan.	106	97	94	134	135	92	90	92	4.94	252
Apr.	104	95	92	127	131	90	86	88	3.88	288
July	93	85	86	111	123	84	83	84	3.16	232
Oct.	88	78	83	106	121	83	80	81	2.92	196
1931										
Jan.	83	70	78	94	114	78	76	77	2.85	168
Apr.	88	72	78	91	109	75	76	76	2.38	162
July	82	67	75	79	105	72	74	73	2.00	143
Oct.	73	58	70	68	103	70	72	66	3.50	102
1932										
Jan.	71	54	67	63	98	67	71	60	3.88	79
Feb.	70	52	67	60	97	66	71	60	3.84	80
Mar.	67	50	66	61	96	66	71	61	3.83	82
Apr.	64	48	64	59	96	66	69	60	3.73	63
May	60	46	62	56	94	64	68	59	3.27	53
June	59	43	60	52	93	64	67	57	2.94	47
July	58	41	58	57	94	64	67	56	2.54	46
Aug.	60	40	58	59	95	65	67	56	2.32	68
Sept.	66	42	60	59	95	65	68	56	2.25	73
Oct.	66	42	61	56	94	64	68	55	2.07	64
Nov.	65	41	61	54	93	64	68	54	1.75	62
Dec.	66	40	61	52	91	63	68	54	1.64	59
1933										
Jan.	65	40	59	51	89	61	68	54	1.44	62
Feb.	64	39	59	49	87	60	67	54	1.25	56
Mar.	60	36	57	50	88	60	66	54	3.50	58
Apr.	67	38	58	53	88	60	66	55	2.60	65
May	77	42	61	62	92	63	67	62	2.09	82
June	91	46	65	64	95	65	68	66	1.91	94
July	100	52	70	76	101	69	68	75	1.75	100
Aug.	91	56	73	72	102	70	68	73	1.75	98
Sept.	84	58	74	70	103	71	69	78	1.53	100
Oct.	77	56	74	70	104	71	69	78	1.50	93
Nov.	73	53	72	71	104	71	69	85	1.50	96
Dec.				68					1.50	99

1/ Federal Reserve Board indexes, adjusted for seasonal variation.
2/ United States Department of Agriculture, August 1909-July 1914 = 100.
3/ Bureau of Labor Statistics index.
4/ Weighted average of index for eight foreign countries - United Kingdom, Canada, Japan, France, Italy, Germany, China and the Netherlands.
5/ The Annalist. Average of daily rates on commercial paper in New York City.
6/ Dow-Jones index is based on daily average closing prices of 30 stocks.

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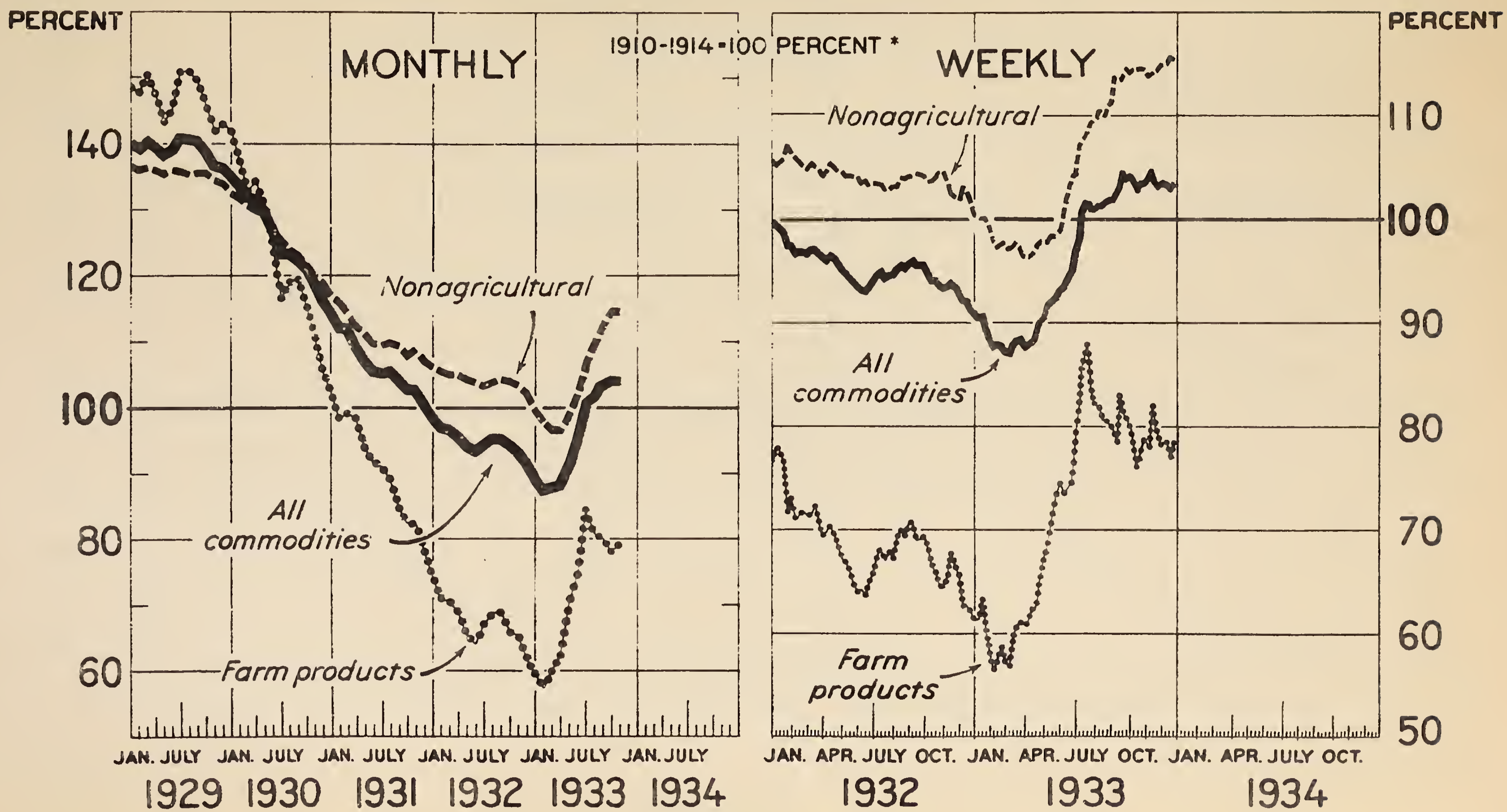
Wholesale Prices of Farm and Nonagricultural Products and of All Commodities, 1929 to Date



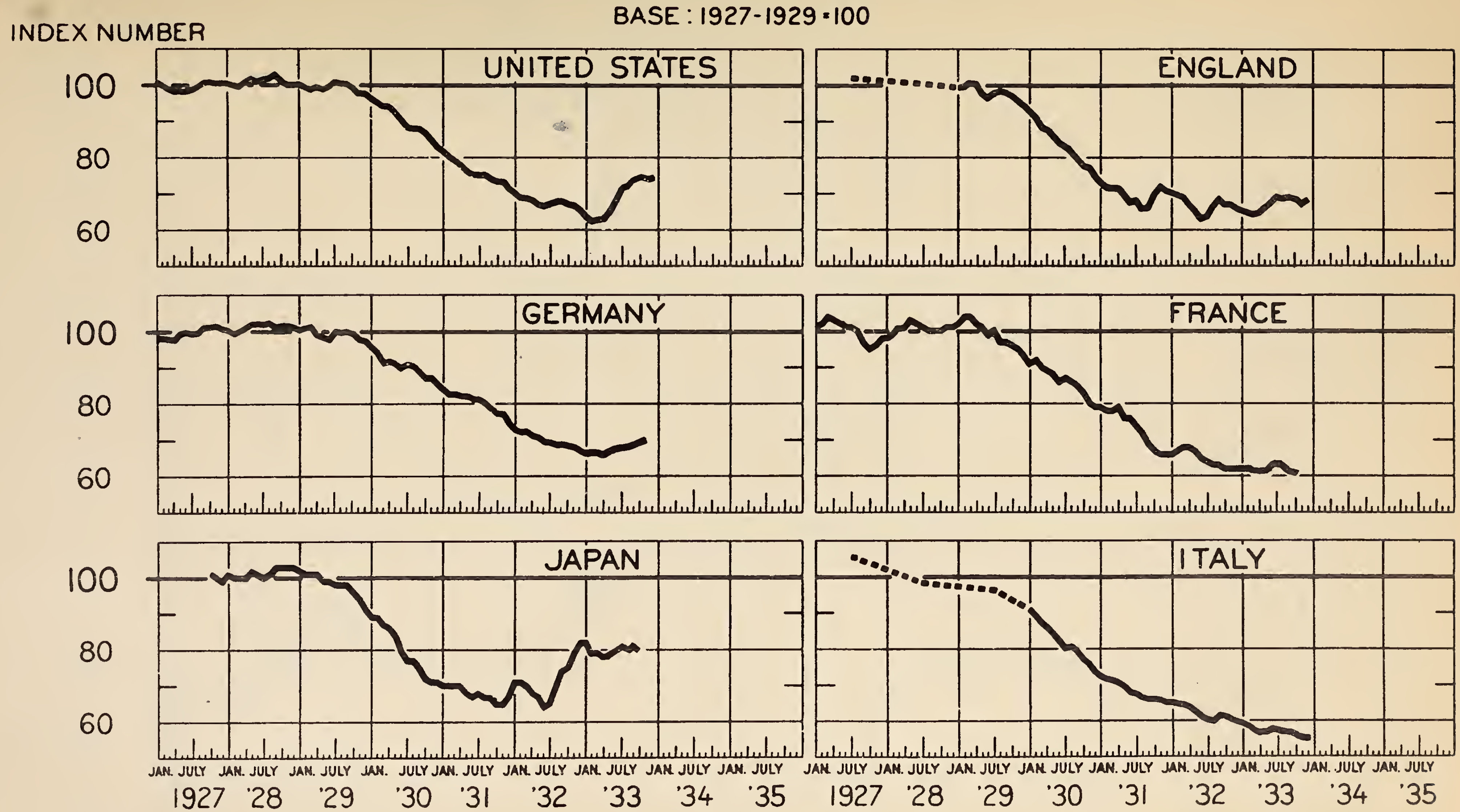
* BASED ON BUREAU OF LABOR STATISTICS INDEX

U.S. DEPARTMENT OF AGRICULTURE

NEG. 25638 BUREAU OF AGRICULTURAL ECONOMICS

FIGURE 1

Indexes of Wholesale Prices, United States and Selected Foreign Countries



U. S. DEPARTMENT OF AGRICULTURE

NEG. 25960 BUREAU OF AGRICULTURAL ECONOMICS

Figure 2

Indexes of Industrial Production, United States and Selected Foreign Countries

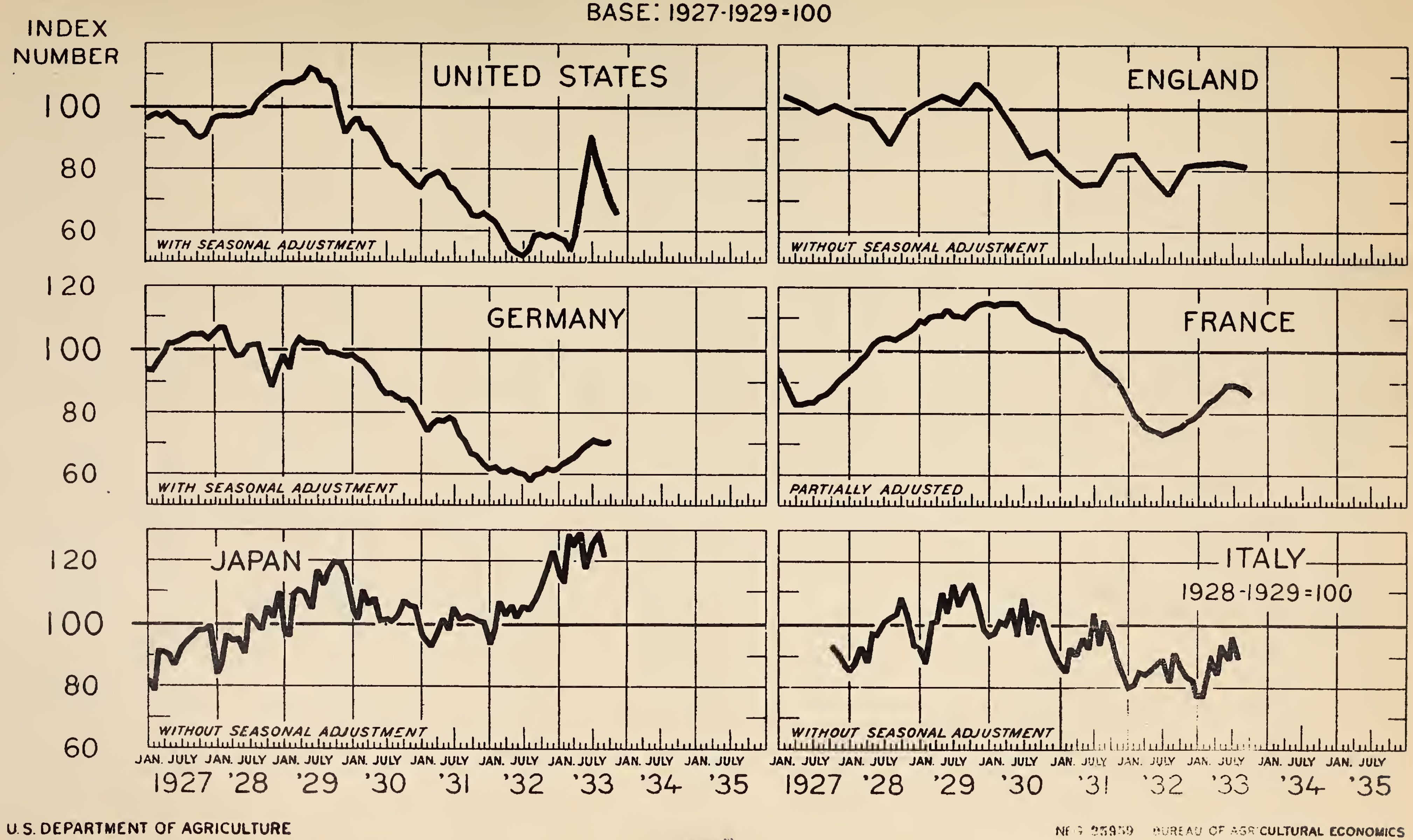


Figure 3

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

For release February 15, 1934

THE PRICE SITUATION, FEBRUARY 1934

FARM PRICES

Market prices indicate that the general level of prices received by farmers is higher than in mid-January and the highest since last August. Prices of cotton, grain, meat animals, butter, and potatoes have improved since January 15, whereas egg prices have continued to decline seasonally. The index of farm prices on January 15 was 71 percent of the pre-war average compared with 68 in mid-December and the post-war low of 49 in February 1933. Prices of practically all farm products, except eggs have shared in the broad advance since mid-December.

The general level of prices paid by farmers has been unchanged since mid-September at 116 percent of the 1910-1914 average. However, prices of building materials, clothing, and fertilizer have increased considerably whereas prices of food and feed have declined.

The index of purchasing power of farm products at 61 on January 24 was 22 percent above the level of last March. In addition to this increase in the exchange value of farm products for commodities bought, many farmers have received additional income in the form of benefit payments.

WHOLESALE PRICES

Wholesale prices have continued to rise for the last 6 weeks. The Bureau of Labor Statistics index early in February was 106 percent of the 1910-1914 average compared with 88 a year earlier. Prices of all groups, except fuel and lighting, rose during the month ended February 3. Farm and food products registered the largest increase.

The devaluation of the gold dollar on January 31 to 59.06 percent of its former gold content was accompanied by rising commodity and security prices. Prices of 10 major exports on February 5 had risen about 48 percent since gold payments were suspended on April 19, compared with a rise of about 70 percent in prices of 10 major imports, and a 67 percent rise in the dollar value of gold in London.

Wholesale prices in the major European countries and Canada increased somewhat in December and January. Prices in England, after declining a little in October and November increased from an index of 68 (1927-1929 = 100) in December to 71 for the first week of February. Prices in Germany rose slightly in December for the eighth consecutive month. French prices increased 2 percent in December thus reversing the downward trend from July through November. Prices in Italy increased a little in each of the last 2 months.

BUSINESS CONDITIONS

Industrial production during the first half of January made only about the usual seasonal increase, but a sharp pick-up in automobile production after the middle of the month was followed by increases in steel production, raising the level of industrial activity in the first week of February to the highest level in several weeks. In January the rate of operations in the textile industry was substantially advanced from the low level which prevailed in December. A further moderate improvement in trade is indicated by an increase in merchandise car loadings and increased mail order house sales. The recent stabilization of the dollar at 59.06 percent of the old gold value, together with advancing prices for commodities and stocks and bonds, has improved business sentiment.

The Federal Reserve Board's index of industrial production advanced from 73 percent of the 1923-1925 average in November to 74 in December. Marked increases in the production of iron and steel, automobiles, and tobacco products slightly more than offset declines in textile and food production. The index of construction contracts advanced from 48 in November to 61 in December, freight car loadings increased from 60 to 62 and department store sales from 65 to 68. Cotton textile activity declined sharply in December and production was only slightly above the low levels reached in March 1933.

The increase in cotton textile activity in January combined with more than the usual seasonal increase in automobile production indicates that the moderate improvement in industrial production which began in December was continued into January. Building contracted for showed some recession in January after the marked increase in December. Total contracts awarded in January after allowing for seasonal changes were about 8 percent below December, but more than twice as great as in January 1933. Contracts awarded for both public works and residential construction declined materially from December to January while nonresidential awards increased nearly 30 percent.

Wholesale and retail trade apparently increased from December to January, after allowance for seasonal changes. The Federal Reserve Board's index of department store sales declined from 69 in December to 68 in January after seasonal adjustment but reports of retail sales of chain stores and mail order houses for January indicate a moderate seasonal improvement over December sales and a marked increase as compared with retail sales in January last year. Car loadings made more than the usual seasonal increase from December to January.

Industrial payrolls in December were 52.5 percent of the 1923-1925 average compared with 53.1 in November and 40.5 in December 1932. This slight decline in incomes of factory workers in December was more than offset by C.W.A. payments to formerly unemployed. Consequently, incomes of all workers were probably greater in December than in any other month of 1933. Information on industrial payrolls for January is not yet available but C.W.A. payments in January amounted to $218,500,000 compared with $148,000,000 in December.

The recent stabilization of the dollar in terms of gold has greatly increased the confidence of investors and business men. An appreciable flow of funds from abroad has been reflected in a rapid advance in the price of bonds and common stocks. The rapid improvement in security prices should be a factor in facilitating the financing of long term projects which declined to very low levels in the fall months of 1933. The recent flotation of short term government securities has been accompanied by a substantial increase in member bank credit.

Industrial activity in most foreign countries increased in December. The upturn in activity in some countries showed some signs of slowing up in January but the trend was still upward. Some uncertainty prevails in countries still on the gold standard regarding the possibility of a large outflow of gold. In Great Britain, business activity in December was maintained at the high point reached in November with increased activity in the heavy industries offsetting declines in cotton textiles and foreign trade. The most unfavorable factor in business conditions in Great Britain is the unusually low level of exports which is at about the lowest levels of the depression. Business activity in Germany remains largely dependent upon government works projects. The recent political uncertainties in France has caused some setback in industrial activity and trade. Most other European countries report business improvement during the latter months of 1933 but improvement in many countries is hampered by trade restrictions and quotas. Industrial output in Canada increased in December with the most marked improvement occurring in the iron and steel, automobile and lumber industries. Industrial activity in Japan continues at high levels.

WHEAT

The United States wheat market continues on a level well above a normal export basis. This is the result of moderate supplies resulting from the small crop of 1933, export aid, acreage reduction, and the prospects of poor yields and heavy abandonment of winter wheat. World markets continue to be depressed by a restricted import demand and excessive supplies of wheat available for export in the principal exporting countries.

Early in January prices of May futures at Chicago were fluctuating in the vicinity of 85 cents per bushel, but by the 15th they had risen to about 90 cents. There was another rise late in January, but this was lost during the second week of February and on February 10, prices of May futures closed at 90 cents per bushel. At Liverpool, on the other hand, there was relatively little change in the prices when converted to terms of United States currency, although there was a slight rise just prior to January 15 which was followed by a small decline, and on February 10 May futures at Liverpool closed at 65-1/2 cents per bushel. In terms of gold, there was a slight downward tendency in wheat prices at Liverpool, May futures declining approximately about 9 per cent from early January to February 10. In terms of sterling, Liverpool prices were fairly steady throughout January and the first week of February, but declined slightly in the second week.

The United States farm price as of January 15 was 69.4 cents per bushel compared with 67.3 cents a month earlier and 32.9 cents for January 1933. Changes in market prices since mid-January indicate that the February 15 farm price will be between 70 and 75 cents per bushel. At Kansas City No.2 Hard Winter rose from 81.2 cents per bushel for the first week of January to 85.8 cents for the week ended the 20th. The latter level was well maintained for the 3 following weeks, the average for the week ended February 10, being 86.6 cents per bushel. Price movements of the other representative grades of wheat were quite similar except that No.2 Amber Durum rose somewhat more, and was rather erratic because of short supplies. Its average at Minneapolis for the week ended February 10, was 110.8 cents.

During the latter part of January there was a marked rise in the level of world shipments, the high point for the season to date having been reached the week ended January 27 when they amounted to nearly 13,400,000 bushels. This compares with a fairly steady level of shipments of about 10,000,000 bushels weekly during the first half of the crop year. The increase in shipments has been largely from Argentina and Australia, although North American shipments also increased somewhat from the very low level reached late in December and early in January.

Stocks of wheat in the United States as of January 1 this year were much below the level of each of the 4 preceding years, being now estimated at only about 557,000,000 bushels compared with 700,000,000 in 1933, and an average for the 4 years 1930-1933 inclusive of 719,400,000 bushels. Since the carry-over plus the new crop and July to December imports amounted to 922,000,000 bushels this indicates a total utilization (including mill grinding, feeding, seed, and exports) of 365,000,000 bushels compared with 433,000,000 during the corresponding period of 1932, 500,000,000 in 1931, and 481,000,000 bushels in 1930. Although January 1 stocks have not provided an entirely satisfactory indication of wheat utilization in past years, the disappearance from July to December 1933, indicates that feeding has probably been somewhat heavier than has heretofore been allowed for. In place of the 50,000,000 bushels which was heretofore used for total feeding it now seems that 75,000,000 bushels or even more, may be used in this manner during the entire 1933-34 crop year.

Although there is still little definite indication of the outturn of winter wheat crops in many Northern Hemisphere countries, present conditions suggest that outside the United States the 1934 crop will be smaller than that of last year, while in the United States acreage reduction and low yields will result in another small crop, though perhaps not as small as in 1933. Thus far European weather has not been as favorable as a year ago and crop conditions reflect this.

Preliminary reports from 14 countries which represent about 60 percent of the Northern Hemisphere wheat area, excluding Russia and China, indicate a slightly smaller wheat area sown for the 1934 harvest than for the past season. The area sown in Russia is estimated at 29,785,000 acres, an increase of 6 percent over the 1933 area but a decrease of 8 percent from the 1932 area. The data so far available for Europe show a decrease of about 5 percent compared with 1933. The total area in the 11 countries for which estimates have been received is 53,050,000 acres compared with 55,552,000 acres for the 1933 harvest and 53,773,000 acres for the 1932 harvest. The area sown in the Danube Basin is estimated at about 17,300,000 acres compared with 18,962,000 acres in the fall of 1932. The shorter seeding period, due to the late corn harvesting and unusually early frosts, is considered to be the main cause for the reduction. France reports a decrease of about 3 percent, Germany 2 percent and Italy 6 percent. England and Wales, Lithuania, Greece, and Czechoslovakia are the only countries which have so far reported any increase.

CORN

Corn prices rose slightly during the first half of January and then receded during the remainder of January and early February so that on February 13 they were at about the same level as early in January. The strengthening of prices during early January was apparently associated

with general improvement in the speculative markets incident to the stabilization and the revaluation of the dollar. The subsequent weakening of prices is evidence of restricted feeding demand and moderately heavy market receipts.

The United States average farm price as of January 15 was 43.9 cents per bushel compared with 42.0 cents a month earlier and 19.1 cents as of January 15, 1933. Market price changes since mid-January indicate that the February 15 farm price will be only slightly lower than that of January 15. At Chicago, No. 3 Yellow corn, which averaged 48.6 cents for the week ended January 6, rose to 50.3 cents for the week ended January 20, and then declined to 49.0 cents per bushel for the week ended February 10.

Receipts of corn at primary markets during January amounted to 53,900,000 bushels, compared with 38,800,000 in December. January receipts were considerably above their level for the 2 preceding years (32,900,000 in 1932 and 37,000,000 in 1933) but below the average of the past 5 years of 65,600,000 bushels. Though receipts during January were considerably above the level of the past 2 years, indications are that the Government loans on stored corn continue to be of importance in reducing the amount of corn moving to market. Due to the fact that receipts were only moderately large, commercial stocks have been held in check. They reached a high level of 70,500,000 bushels at the close of the week ended December 30, and on February 10 amounted to 69,626,000 bushels.

Wet-process grindings of corn during January were somewhat higher than in December, amounting to 4,329,000 bushels compared with 3,924,000 in December, and 5,758,000 in January 1933. The average for the five Januarys 1929 to 1933 is 6,573,000 bushels, whereas the peak grindings for any January were reached in 1929 with 8,364,000 bushels. Although wet-process grindings are considerably smaller than the 5-year average, there has no doubt been a marked increase over previous years in the amount of corn used for brewing and distilling for which no data are currently available.

POTATOES

Potato prices followed mixed trends during January. They continued to rise in the western markets, but weakened somewhat in the East. Car-lot shipments set a high record for January but have slowed down slightly in recent weeks. The influence of the short 1933 crop is now becoming apparent, particularly in the Central States, and market prices may be expected to continue to rise during the next 2 months. There is an ample supply of old stock potatoes in the Eastern and Western States and shippers in these areas are getting unusually wide distribution for their holdings. A few early new potatoes are arriving on the central markets and the prospects are for somewhat greater supplies this season than a year ago.

Potato prices at New York City declined from the recent high point of $2.17 per 100 pounds reached during the first week of January to $2.00 during the third week and then advanced to $2.08 during the first week of February. The weekly average price is now about 26 percent above last fall's low compared with $1.09 per 100 pounds for the first week of February last year. At Chicago, round white prices continued to rise throughout January. During the first week of February they averaged $1.82 per 100 pounds compared with $1.56 a month earlier, $1.12 the fall low point and 69

cents a year ago. These mixed trends in market prices have been due largely to the uneven distribution of storage supplies.

F.o.b. prices at Presque Isle, Maine have shown much the same trend in recent weeks as New York City prices. Prices of Green Mountains were off slightly during the middle of January, but strengthened considerably toward the end of the month. They were quoted at $1.53 per 100 pounds the first week of February, compared with $1.43 a month earlier and $1.00 at the low point reached in November. At Rochester, New York, round whites averaged $1.65 against $1.45 a month ago and $1.10 in November. In the Western States shipping point prices have maintained an almost steady upward trend since the November lows. During the first week of February round whites at Waupaca, Wisconsin averaged $1.60 per 100 pounds, compared with $1.27 the first week of January and 95 cents in November. F.o.b. prices of Russet Burbanks at Idaho Falls averaged $1.40 for the first week in February against 92 cents a month ago and the November low price of 84 cents.

United States farm prices of potatoes averaged 77.2 cents per bushel on January 15, compared with 69.4 cents on December 15, 37.4 cents in January 1933, and 64.2 cents the January average, 1910 to 1914. Present prices are only about 5 percent below parity, based on the 1910-1914 price relationships.

The car-lot movement of potatoes in January continued to run ahead of those of a year ago. The January movement of cars set an all time record for that month and total shipments this season to date exceed those of the 1932-33 season by almost 23,000 cars or 31 percent. The weekly rate has declined somewhat during the first part of February from the high rate of January but almost 4,000 cars per week are still being shipped. The increased car-lot movement this season may be attributed to the higher market prices being received this year and to the fact that the bulk of the available supplies are located in the areas more distant from market centers and consequently, the total truck movement is lighter than a year ago.

A few early Florida bliss triumphs have been moving to market at about $3.00 per 100 pounds f.o.b. Florida shipping points which is slightly higher than prices of a year ago. Preliminary estimates place the 1934 acreage at 30,600 acres in Florida and the lower valley of Texas or about 12 percent more than in 1933. There are indications that the acreage in the other early states will also be increased.

HOGS

Hog prices fluctuated within a very narrow range during most of January, and the weekly averages held remarkably steady although prices of packing sows moved slightly upward while prices of extremely light butcher hogs tended downward. During the last 3 days of the month prices of all weights began to strengthen and in early February they rose sharply as a result of a marked falling off in slaughter supplies, increased buying for government account, and unusually low temperatures over a wide area which greatly stimulated consumer demand for fresh pork. With a seasonal reduction in slaughter supplies now underway and consumer demand showing a pronounced tendency to strengthen as industrial conditions improve, some further seasonal rise in hog prices may occur.

During the first 3 weeks of January the weekly average of hog prices at Chicago held at $3.38 and in the fourth week it was $3.40. It then advanced

to $3.70 for the week ended February 3, and to $4.20 the following week. The average for January was $3.41 compared with $3.25 in December and $3.12 in January 1933. The rise after January at Chicago was much greater than at other markets, and prices on light and medium weight hogs advanced considerably more than those on heavier weights. This was because government purchases for relief purposes, which were confined to hogs weighing under 240 pounds, were greatly increased after January 31 and purchases at Chicago represented a larger proportion of the hogs offered for sale there than was the case at other markets. As an example of the differences in the price advance at Chicago for different weights, top prices of 180-200 pound butchers at that market rose $1.05 between January 31 and February 8, whereas the rise in top prices of 290-350 butchers between those dates was only 55 cents. During the period that the average price on all weights at Chicago rose $1.00 the average at Omaha advanced only 44 cents.

Federally inspected slaughter of hogs in January totaled 5,391,000 head, or 14.7 percent more than in January last year and 19 percent more than in December. This was the second largest January slaughter since 1925. Average weights, however, were considerably lighter than usual, hence the total production of pork during the month was probably not much greater than that of January 1933. The unusually large slaughter in January was due to the relatively unfavorable hog-corn price ratio which has prevailed the last 3 months, and to the desire on the part of many farmers to get their hogs marketed before February 1 when the hog processing tax was increased from $1.00 to $1.50 per 100 pounds. This tax is scheduled to be raised to $2.25 on March 1.

The hog-corn price ratio in the North Central States, as of January 15, was 7.6 which was about the same as the very low ratio reached in December, but it was much lower than the ratio of 16.6 as of January 15, 1933. The decline in the ratio as compared with a year earlier has been greater in the West North Central States than in East North Central States. The recent advance in hog prices has resulted in an increase in the ratio but it is still below the average of 11.4.

Wholesale prices of fresh pork were steady to lower during January, but advanced sharply in early February. Smaller supplies of hogs and the sharp drop in temperatures in many sections, together with the increase in government purchases of hogs which greatly curtailed the supply of fresh pork for commercial trade, were the chief factors responsible for this advance. Prices of cured pork and lard were steady to higher in January. The advances, however, were small and applied to only a few cuts. The composite wholesale price of hog products in New York averaged $11.11 per 100 pounds in January compared with $11.09 in December and $9.32 in January 1933. The composite retail price averaged 15.6 cents per pound compared with 15.8 cents in December and 13.98 cents in January last year.

Storage stocks of hog products increased seasonally during January and as a result of the larger hog slaughter the total movement into storage was somewhat greater than that in January last year although below the 5-year average. Pork stocks on February 1, amounting to 728,000,000 pounds were 99,000,000 pounds greater than on January 1, 27 percent larger than those of a year earlier and 4 percent larger than the 5-year average for that date. Lard stocks increased 37,000,000 pounds in January, and the total of 169,000,000 pounds on February 1 was 220 percent larger than on February 1, 1933 and 98 percent larger than the 5-year February 1 average.

Exports of both pork and lard were larger in December than in the corresponding month of 1932. The increase in pork exports, however, was largely the result of larger exports of fresh and frozen pork, since cured pork exports were not greatly different from those of the previous December. The volume of fresh and frozen exports, however, was relatively small. Total pork exports in December, amounting to about 12,000,000 pounds, were 2,000,000 pounds larger than in December 1932, but were nearly 5,000,000 pounds smaller than the 5-year average for the month. Lard exports in December amounted to about 55,000,000 pounds, or 5,000,000 pounds more than in December 1932 and 11,000,000 pounds less than the 5-year average for the month. Practically all of the increase over December 1932 was in shipments to the United Kingdom. Total exports of lard during the first quarter of the current marketing year which began last October were the largest for those months since 1929, and were 6 percent larger than in the corresponding period of 1932. Exports of both pork and lard from the principal ports during January were smaller than those of January last year.

Federally inspected hog slaughter during the first 4 months of the current marketing year exceeded that of the corresponding period of the previous marketing year by 4.9 percent. The slaughter thus far this year has been somewhat larger than was generally anticipated earlier, in view of the slaughter of 6,200,000 pigs last August and September in connection with the emergency hog production control program of the Agricultural Adjustment Administration. Because of the unfavorable hog-corn price ratio that has prevailed during the last 3 months, hogs apparently have been marketed earlier than usual and this has been reflected in the larger supplies coming to market and in the decrease in average weights. In view of the earlier market movement and the emergency pig slaughter, it seems probable that the number as well as the proportion of hogs from the pig crop of the preceding spring yet to be marketed is now much smaller than a year ago. A considerable reduction in slaughter supplies of hogs during the remainder of the winter compared with those of last year, therefore, is to be expected. It should be recognized, however, that marketings of fall pigs are also likely to be earlier than usual, and it is not improbable that the decrease in slaughter supplies during the next 3 or 4 months will be less than otherwise because of this earlier movement of such pigs. Consumer demand for hog products apparently is now much stronger than a year ago, and if slaughter supplies of hogs are substantially reduced during the remainder of the winter season some further advance in hog prices may occur.

CATTLE

Prices of nearly all classes and grades of cattle and calves advanced during January despite the fact that marketings of cattle and other livestock were relatively large during the month. January was the first month since July 1932 that the average price of all grades of slaughter cattle at Chicago averaged higher than in the corresponding month a year earlier. Although supplies of fed cattle continued large during January, the number of cattle on feed on January 1, 1934 was estimated as being considerably smaller than on that date in 1933. Because of this smaller number of cattle on feed and the relatively high corn prices compared with cattle prices, some reduction in marketings of grain fed cattle during the first half of 1934 appears probable. With consumer demand for meats now apparently much stronger than a year ago and some reduction in total meat production probable, cattle prices probably will continue to improve during the next several months. In view of the

reduced marketings of grain fed cattle in prospect, prices of such cattle may advance substantially in the late summer and fall of this year.

The advance in prices of cattle during January was more pronounced for the lower grades of slaughter cattle and of cows than for the better grades. The average price of common grade steers at Chicago for the month of $4.13 was 52 cents higher than in December and 37 cents higher than in January 1933. The average price of choice and prime grade steers at Chicago on the other hand, was $6.01 in January, which was 24 cents higher than in December, but 13 cents lower than in the corresponding month of 1933. The spread between the prices of these two grades averaged only $1.88, which was one of the smallest margins in the 12 years in which records are available. The very large proportion of heavy well finished cattle in the slaughter supplies probably was the most important factor resulting in this very small spread between the lower and higher grades of cattle. However, prices of low grade cattle and cows during January also were strengthened by purchases of cows for the account of the Federal Surplus Relief Corporation. Chiefly because of the large marketings of heavy weight cattle, prices of heifers in January continued at a relatively high level compared with prices of steers. The weighted average price of all grades of slaughter steers at Chicago was $5.35 in January compared with $5.17 in December and $4.95 in January last year. Prices of veal calves advanced somewhat in January. At the end of the month prices of all grades of beef steers were higher than at the end of January 1933, and for the entire month prices of all grades except choice and prime averaged higher than a year ago. Stocker and feeder cattle prices rose only slightly during the month, and they were the only important class of cattle to be lower in price at the end of January than at that time a year earlier.

Receipts of cattle at the seven leading markets during January were about 28 percent greater than in January 1933 and about 12 percent larger than the 5-year average for January. Inspected slaughter of cattle totaling 831,000 head was 36 percent larger than in the corresponding month last year, and was the largest for the month since 1925. Supplies of all grades of beef steers at Chicago were also the largest for January since 1925. Both the proportion and number of the better grades of cattle in the marketings continued large in January but compared with the preceding month the proportion of the lower grades increased to some extent. The number of choice and prime steers at Chicago in January was the third largest for any month in the 12 years in which records are available, and the combined total of choice and prime and good grades of steers was the largest for January since 1922. Average weights of cattle during January were relatively heavy. The average weight of all grades of beef steers at Chicago was 1,130 pounds, the fourth largest for any month in 12 years. Inspected slaughter of calves in January, amounting to 471,000 head, was the largest for the month on record, and the largest for any month since last July. The increase in calf slaughter over January last year amounted to 37 percent.

The estimate of cattle on feed for market on January 1, 1934 indicated a decrease of about 8.5 percent in the 11 Corn Belt States compared with a year earlier. Decreases were reported in all States, except Iowa, and Nebraska, where small increases were estimated. The decrease east of the Mississippi River, where cattle feeding had been increasing for several years, amounted to 17 percent. In the area west of the Mississippi the decrease was only 6 percent, despite

a decrease of 50 percent in South Dakota. A small decrease in the number of cattle on feed also was indicated for the Western States. Reports from a large number of feeders as to the weight of cattle on feed January 1 this year showed larger proportions of cattle over 1,000 pounds and of light weight feeders (under 750 pounds) and feeder calves, and a smaller proportion of medium weights than did similar reports as of January 1, 1933. An increase in the proportion of the cattle on feed January 1 to be marketed during the first quarter of the year was indicated.

BUTTER

The decline in butter production from November to December, instead of the usual seasonal increase, and the marked rise in butter prices during January and early February are the important developments in the butter situation. For several months farm prices of butterfat have been unusually low in relation to feed grains. This price relationship together with the short feed supplies indicates that production may continue relatively light during the remainder of the feeding season. Storage stocks of butter, however, are large and will tend to offset to some extent the effect of relatively light production.

The production of creamery butter in December was slightly less than in November. This was the first time since 1920 that December production was less than November. In the 5 years 1928 to 1932 the seasonal increase in production from November to December averaged 6.8 percent, and in 1932 was 10.1 percent. December production was 7.5 percent less than a year earlier. A sharp decline in production compared with 1932 occurred in each group of states, except in the Middle Atlantic and Pacific Coast States. Weekly reports indicated that production in January in the Middle West was decidedly less than a year earlier.

The price of 92-score butter at New York in January averaged 19.9 cents, slightly less than in December and about the same as a year earlier. There has been a marked strengthening of butter prices since the first of the year. For the first week in January the price of 92-score butter at New York averaged 18.3 cents compared with 25.0 cents for the week ended February 10.

Even though there has been this strengthening in central market prices the farm price of butterfat in mid-January was 16.1 cents, or about 2 cents lower than in December and 2.8 cents less than a year earlier. Farm prices of feed grains have increased further so that on January 15 the price of butterfat in relation to feed grains was the lowest for any month since July 1920, and the lowest for any January on record (since 1910). This price relationship is probably an important factor in tending to reduce butter production. In addition to the feed and price situation the weather has been unusually severe.

Trade output of butter in December was 1.9 percent larger than a year earlier. This was the first month since January 1933 in which trade output had been larger than in the same month of the preceding year. Retail prices of butter in December, however, were 13 percent less than a year earlier so that the estimated consumer expenditures for butter were 11 percent less than in the same month of 1933.

Storage stocks of butter continue large. Holdings on February 1 being 58,000,000 pounds larger than a year earlier and 42,000,000 pounds larger than the 5-year average. The out-of-storage movement in January of 35,000,000 pounds was by far the largest on record, being about nine times as large as in January 1933. Reduction in government holdings of butter in January amounted to 15,000,000 pounds and the reduction in regular commercial stocks totaled 20,000,000 pounds. The reduction in commercial stocks alone was about five times as great as in January 1933.

Imports of butter in 1933 were 1,022,000 pounds, about the same as in 1932. On February 2 the price of 92-score butter at New York of 24.0 cents was 5.0 cents higher than Danish butter in London and 9.3 cents higher than New Zealand butter in London.

CHEESE

Cheese production is decidedly less than a year ago. With the light production and sharp rise in butter prices, cheese prices have also increased. The outlook for relatively light production of milk on farms during the remainder of the feeding season also indicates relatively light production of cheese. Storage stocks of cheese are large but the percentage increase is not as great as the increase in butter holdings. Trade output continues light and consumer expenditures for cheese continue less than last year.

Production of cheese in December of 25,472,000 pounds was 16.8 percent less than in December 1932. This was the smallest December production since 1928. Production in December, however, was 5.5 percent larger than in November. This was the first time on record that December production exceeded November. The index number of production which is adjusted for seasonal variation rose from 96 in November to 112 in December.

American cheese production in Wisconsin in December was 26 percent less than a year earlier. This relatively light production probably continued during January since receipts of cheese at Wisconsin warehouses were decidedly less than in January 1933.

The price of cheese (twins) on the Wisconsin Cheese Exchange rose from 8.0 cents on December 30 to 12.5 cents on February 2. This was a more rapid rise in price than occurred last summer and brings the price 0.5 cents above the high for 1933. The average price in January, however, was only 9.6 cents or slightly higher than a month earlier and a year earlier.

Trade output of cheese in December was 8.9 percent less than a year earlier, compared with a decrease of 16.8 percent in production. Retail prices of cheese in December were practically the same as in December 1932, so that consumer expenditures for cheese in December were 8 percent less than in the same month of the preceding year.

Cold storage holdings of American cheese on February 1 were 65,500,000 pounds, the largest on record for that date but only 12,000,000 pounds larger than a year earlier, and 8,000,000 pounds larger than the 5-year average. The net out-of-storage movement in January of 12,237,000 pounds was unusually heavy.

Total imports of cheese in 1933 were 48,397,000 pounds or 13 percent less than in 1932 and the smallest since 1921.

EGGS AND CHICKENS

Market prices of eggs continued their usual seasonal decline in January. Strengthening factors in the price situation for the next 3 months are the present level of production, which is likely to continue low, and the fairly heavy consumption of eggs. The situation for poultry is different, plentiful storage stocks and current supplies being likely to prevent more than the usual seasonal rise.

The prices of special packed mid-western fresh eggs at New York averaged 24.8 cents per dozen in January, a decline of 2.4 cents from the December average and was 0.3 of a cent below the average price of January 1933. On February 8 the price was 22.4 cents. The farm price of 17.6 cents on January 15 was 4.0 cents below that of a month before, and 3.8 cents below that of a year before. The farm price of chickens on January 15 was 9.4 cents per pound, an advance of 0.8 of a cent from December 15 and 0.1 cent above the price a year before. A seasonal rise usually characterizes chicken prices during the early part of the year.

Receipts of eggs at the four markets during January were 736,000 cases compared with 994,000 cases a year before and a 5-year average of 907,000 cases. In no other January since 1925 have receipts been so low.

Receipts of dressed poultry at the four markets in January were 29,300,000 pounds compared with 29,100,000 pounds a year before and a 5-year average of 29,400,000 pounds. Hatchery reports for December indicate a larger production of broilers than last year, the number of salable chicks hatched during the month being 56 percent greater than in December 1932 and orders for January delivery or later being 31 percent greater than a year before.

As a result of past heavy receipts of poultry, cold storage holdings of frozen poultry are fairly large. Stocks on February 1 were 120,000,000 pounds compared with 115,000,000 pounds a year before and a 5-year average of 114,000,000 pounds. Cold storage supplies of poultry are usually a major price factor during the first half of the year.

Cold storage stocks of case eggs are near their seasonal low point, being 52,000 cases on February 1 as compared with 362,000 cases a year before and a 5-year average of 429,000 cases. Last year eggs began to go into storage rather early in February. It is not expected that this will be the case this spring.

LAMBS

The upswing in lamb prices which started in early November and extended through December continued at a faster rate through January. The sharpest rise was made during the last week in January and this was followed by further moderate advances in early February which carried prices to the highest levels since June 1931. This recovery in live lamb prices is especially significant in view of the relatively large lamb slaughter in both December and January, and the very large supplies of beef and pork available for consumption in those months. With business conditions gradually improving and supplies of lambs on feed considerably smaller than a year ago, lamb prices may be expected to continue the seasonal rise now in progress.

After advancing from the November low of $6.34 per 100 pounds to $7.51 the last week in December, prices of good and choice grade lambs at Chicago continued upward through January and during the week ended February 10 averaged $9.10. In the corresponding week of 1933 the average was $5.84. Prices of other classes and grades of sheep and lambs also have made marked gains. Prices of slaughter ewes at Chicago are now double those prevailing in early October and are more than one third higher than those quoted the last week in December.

The rise in wholesale and retail prices of dressed lamb has lagged behind that of live lamb prices, and this has been especially true of retail prices. During the period from early November to late January the advances from the low points amounted to $2.10 in the price of 100 pounds of live lamb, $1.27 in the wholesale value of the carcass from that weight, and 43 cents in the retail value. Live lamb prices in January were $2.30 per 100 pounds higher than in January 1933, but the wholesale value of dressed lamb from that weight was 35 cents lower and the retail value was 29 cents lower. In other words, wholesale carcass value in January 1933 was $1.24 higher than live lamb value, whereas in January this year it was $1.41 lower than live lamb value. This change in relationship of live prices to the value of the dressed product is due in part to the fact that wool prices are now more than double those of a year earlier.

Slaughter supplies of lambs in January were slightly larger than those of both the previous month and of January 1933. Slaughter under Federal inspection amounted to 1,407,000 head, which was an increase of 75,000 head or 6 per cent over that of January last year and 1.2 per cent more than the very large slaughter in December. In view of the estimated decrease of 13 per cent in the number of lambs on feed January 1, it is expected that slaughter supplies during the remainder of the fed lamb season will be smaller than those of the coressponding period last year.

WOOL

Developments in the world wool markets during January and early February were somewhat irregular. A buying movement in the Boston market during the latter half of January resulted in a slight advance in prices of the finer grades of wool. The movement was of brief duration, however, and sales were very light in early February, but prices remained firm. Foreign wool markets were very active during the first half of January and prices advanced, but most of the advance was lost after middle of the month. Consumption of wool by mills in the United States declined much more than usual in December and manufacturing activity for the month was reported as somewhat less than in December 1932. Because of the decline in domestic wool consumption during the final quarter of 1933 and the reported accumulation of wool fabrics and partly manufactured wools, a strong demand for foreign wools in this country is not likely to develop during the first half of 1934.

The factor of reduced supplies for the current season apparently has been largely discounted in wool prices and the effect of higher prices on consumption may influence future price movements to some extent. The recent advance in prices of wool manufactures is estimated to be much greater than the general improvement in consumer purchasing power. One effect of the higher prices, already reported from various sources, is a tendency to make cheaper fabrics from lower grade wools, noils and wastes and to use cotton mixtures in place of all wool materials.

Prices at the opening of the London wool sales on January 16 were 10 to 20 percent above the December levels. Sentiment changed, however, after the middle of the month and prices declined. Quotations for combing wool at the close of the series on February 2 were 5 to 15 percent below the opening quotations with the greatest declines on low crossbred wools. Prices also declined in Southern Hemisphere markets the latter part of January. Exports from Southern Hemisphere countries continue very heavy. The regular selling season in Australian centers will end in March, the April sales having been cancelled. This cancellation probably was the result of the smaller quantity of wool available and the heavy disposals during the first half of the season.

Quotations for fine (64s, 70s, 80s) strictly combing territory wool at Boston averaged 87 cents a pound scoured basis for the week ended February 10 compared with 85 cents for the week ended January 13 and 44 cents for the corresponding week in February, 1933. Territory 3/8 blood (56s) wool remained unchanged during January, and for the week ended February 10 was 81.5 cents a pound compared with 37 cents a pound for the corresponding week in February, 1933. The United States average farm price of wool was 24.6 cents a pound on January 15, compared with 24.2 cents on December 15, and 8.9 cents on January 15, 1933.

The decline in domestic wool manufacturing activity in December, 1933, was much greater than usually occurs at that season. Consumption of combing and clothing wool reported to the Bureau of the Census was only 79 percent of the December average for the years 1923-1929 compared with 99 percent in November and 94 percent in December, 1932. Consumption for the entire year 1933 was 28 percent greater than in 1932 and was the largest reported since 1929. Current trade reports indicate that the usual seasonal expansion in mill activity is slow in developing this year. A few mills are very busy but the majority are being held up by the lack of specifications on orders placed in the last few months, according to the First National Bank of Boston. Consumption is reported to be heavy with little change in the machinery activity in the English wool industry according to latest reports.

The increased consumption and favorable marketing conditions in 1933 resulted in heavier shipments of foreign wool to the United States than in the last few years. Imports of combing and clothing wool in 1933 were 44,000,000 pounds, the largest since 1930. Imports of carpet wool were 130,000,000 pounds, the largest since 1929. In 1932 only 15,000,000 pounds of combing and clothing wool and 41,000,000 pounds of carpet wool were imported.

COTTON

During January and the first part of February cotton prices made an advance of about 2 cents and on February 12 the average price of Middling 7/8 inch cotton in six of the ten designated markets was about 12½ cents per pound, the highest since July, 1930. The marked advance in cotton prices during the last month and a half has been associated with a number of factors including increased sales of cotton textiles and increased cotton mill activity, the stabilization of the dollar, the improvement in business and business sentiment, and the favorable consideration being given the Bankhead bill which would give the government greater control over domestic production. Cotton consumption in the United States during January showed a marked increase over the reduced level of December and was the highest for the month since 1929, but exports of domestic cotton were below a year earlier.

On January 2, Middling 7/8 inch cotton in the 10 designated markets averaged 10.25 cents per pound and by January 31, averaged 11.34 cents. This advance of 1 cent during January was followed by an even greater advance during the first part of February for on February 12, the average in the designated markets was 12.56 cents. This was the highest average reached in these markets since the latter part of the 1929-30 season. The monthly average price for January was 10.91 cents compared with 6.01 cents a year earlier, and 9.37 cents in January 1931. The average price received by producers around January 15, was 10.3 cents which was about one-half to 1 cent per pound less than the average of Middling 7/8 in the 10 markets about that date.

Cotton consumption in the United States during January, amounted to 508,000 running bales compared with 348,000 bales in December, 470,000 bales in January 1933, and 435,000 bales in January 1932. The marked increase over December was expected because of the restriction which was in force during December and the marked improvement in cloth sales which occurred in January. In a report made at a recent meeting in Washington of the Cotton Textile Code Authority it was reported that during the first 3 weeks of January sales of cotton goods exceeded production by 60 percent and that unfilled orders in late January were equivalent to 7 weeks current production, which was better than the high point reached in 1929. The January consumption brought the total consumption for the 6 months, August to January, to 2,924,000 bales compared with 2,812,000 bales during the first half of 1932-33, and continued above any corresponding period since the 1929-30 season. With foreign mill activity about holding its own, the total world consumption of American cotton was probably the highest for the month for several seasons. The total world consumption of American cotton for the first half of the season probably was also larger than for the corresponding period in several years.

Domestic cotton exports in January totaled 739,000 running bales which represented somewhat less than the usual seasonal decline compared with December but was the lowest for the month since 1931. This was the third consecutive month in which exports have been below the corresponding months of the 2 previous years. There are several factors which probably account for this which include: first the unusually heavy export movement which took place last summer, the unusually heavy exports during these 3 months in each of the 2 previous seasons (due to large supplies of American and relatively short supplies of foreign cotton particularly Indian), the relatively smaller supplies of American this season, and the unusually strong holding movement financed largely by the Government. Exports of Indian cotton have increased relative to a year earlier during recent weeks due to the resumption of purchases by Japan.

With the 1933 crop practically all ginned and the time for planting the new crop only a few weeks off, considerable attention has recently been given the Bankhead bill which is designed to restrict the marketing of cotton during the 1934-35 season to 9,000,000 bales, by the use of taxation. In addition to the attention being given to the prospective 1934 domestic crop considerable attention is also being given to production in foreign countries. This Bureau has recently estimated the 1933-34 foreign production at about 12,300,000 bales compared with 10,600,000 bales in 1932-33, and an average during the 5 years ended 1930-31 of 11,500,000 bales.

Business statistics relating to domestic demand

Year and month	Industrial production	Factory pay-rolls	Factory employment 1/	Commodity prices: United States: Prices paid farmers 2/	Commodity prices: United States: Wholesale 3/: 1910-1914=100	Commodity prices: United States: Wholesale 3/: 1926=100	Commodity prices: Foreign 4/: In foreign currency	Commodity prices: Foreign 4/: In dollars	Interest rates 5/	Industrial stock prices 6/
	1923-1925 = 100						1926 = 100			
1929										
July	124	109	102	140	141	96	94	96	6.00	344
Oct.	118	106	100	140	139	95	94	96	6.19	321
1930										
Jan.	106	97	94	134	135	92	90	92	4.94	252
Apr.	104	95	92	127	131	90	86	88	3.88	288
July	93	85	86	111	123	84	83	84	3.16	232
Oct.	88	78	83	106	121	83	80	81	2.92	196
1931										
Jan.	83	70	78	94	114	78	76	77	2.85	168
Apr.	88	72	78	91	109	75	76	76	2.38	162
July	82	67	75	79	105	72	74	73	2.00	143
Oct.	73	58	70	68	103	70	72	66	3.50	102
1932										
Jan.	71	54	67	63	98	67	71	60	3.88	79
Apr.	64	48	64	59	96	66	69	60	3.73	63
July	58	41	58	57	94	64	67	56	2.54	46
Aug.	60	40	58	59	95	65	67	56	2.32	68
Sept.	66	42	60	59	95	65	68	56	2.25	73
Oct.	66	42	61	56	94	64	68	55	2.07	64
Nov.	65	41	61	54	93	64	68	54	1.75	62
Dec.	66	40	61	52	91	63	68	54	1.64	59
1933										
Jan.	65	40	59	51	89	61	68	54	1.44	62
Feb.	64	39	59	49	87	60	67	54	1.25	56
Mar.	60	36	57	50	88	60	66	54	3.30	58
Apr.	67	38	58	53	88	60	66	55	2.60	65
May	77	42	61	62	92	63	67	62	2.09	82
June	91	46	65	64	95	65	68	66	1.91	94
July	100	52	70	76	101	69	68	75	1.75	100
Aug.	91	56	73	72	102	70	68	73	1.75	98
Sept.	84	58	74	70	103	71	69	78	1.53	100
Oct.	77	56	74	70	104	71	69	78	1.50	93
Nov.	73	53	72	71	104	71	69	85	1.50	96
Dec.	74	52	72	68	103	71	69	84	1.50	99
1934										
Jan.				70					1.50	103

1/Federal Reserve Board indexes, adjusted for seasonal variation.
2/United States Department of Agriculture, August 1909-July 1914 = 100
3/Bureau of Labor Statistics index.
4/Weighted average of index for eight foreign countries -United Kingdom, Canada, Japan, France, Italy, Germany, China and the Netherlands.
5/The Annalist. Average of daily rates on commercial paper in New York City.
6/Dow-Jones index is based on daily average closing prices of 30 stocks.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

For release March 15, 1934

THE PRICE SITUATION, MARCH 1934

FARM PRICES

Prices of farm products are at about the same level as a month ago following the sharp advance from mid-January to mid-February. Prices of cotton and meat animals have been fairly steady in recent weeks, grain prices have declined slightly, and butter, fruits and vegetables have continued to advance. Butter prices are at the highest level in over 2 years, after a phenomenal rise since mid-December. Cheese prices have also advanced markedly. Although egg prices have declined seasonally they are well above the level of a year ago. Cattle prices have increased despite very heavy slaughter supplies. Lamb prices have been fairly well maintained at a relatively high level. The sharp rise in hog prices in early February has been fairly well maintained although prices weakened somewhat in the second week in March. Prices of potatoes and tobacco are steady to higher than a month ago.

The index of farm prices in mid-February was 76, the same as last July, compared with 49 at the record low in February 1933. The index of prices paid by farmers was 118 in February compared with 107 in July and 101 in February 1933. This represents a rise in farm prices of 55 percent from a year earlier compared with a rise of 17 percent in prices paid by farmers. Consequently the purchasing power of a given quantity of farm products in February was 31 percent above a year earlier.

Farmers' cash income in January was 41 percent higher than in January 1933. The cash income from marketings of farm products in January of $424,000,000 was 4 percent higher than in December and 23 percent higher than in January last year. In addition, farmers received $60,000,000 in January in the form of rental and benefit payments from the Agricultural Adjustment Administration compared with $19,000,000 in December.

Wool and potato prices are above "parity" (pre-war purchasing power). Prices of some other farm products as a percent of parity on February 15, 1934 were as follows: lambs, 94; apples, 85; cotton, 80; wheat, 69; beef, cattle and corn, 60; eggs, 59; and hogs, 45.

WHOLESALE PRICES

The general level of wholesale prices in early March was 23 percent above the post-war low point of a year earlier and 7 percent above the pre-war (1910-1914) average. Price increases for the year ended March 3 amounted to 19 percent for nonagricultural products (other than farm and food), 26 percent for foods, and 53 percent for farm products. Textile products also

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Wisconsin Farm Prices, 1841-1933, Research Bulletin 119, of State and Federal agencies cooperating, is a welcome addition to the group of historical series of farm prices, which may be obtained upon request.

have increased over 50 percent. Prices of "chemicals and drugs", and "metals and metal products" have advanced the least. These two groups, farm products and miscellaneous products are still below their pre-war level, whereas building materials and house furnishing goods are over 50 percent above their pre-war average. Domestic prices of a few products such as brick, aluminum and nickel have been steady since January 1933.

A simple average of wholesale prices of 10 important export commodities has risen about 50 percent since April 1-15, 1933 compared with a rise of about 70 percent in 10 important imports and a 68 percent rise in the dollar price of gold in London. (See chart at end of report). Of these 20 export and import commodities, prices have risen approximately twice as much for nonfoods as for food products. Prices of nonfood imports have risen about three times as much as food imports, whereas nonfood exports have risen only a little more than food exports.

Price changes for the 20 exports and imports from April 1933 to February 1934, show a wide dispersion. Rubber has increased the most with a rise of about 200 percent. Wool and tin are second and third in point of increase with a rise of a little over 100 percent. Sugar shows the smallest increase, only 11 percent.

The index of wholesale prices in terms of the currencies of eight foreign countries which normally take about 75 percent of our agricultural exports was 69 percent of the 1926 average for January compared with the low of 66 in April 1933. If adjustment is made to the lower dollar exchange rate the index is 84 for January instead of 69.

Wholesale prices in Canada and England have advanced to the highest level in over 2 years. Prices in Germany were steady in January whereas prices in France declined a little, as did prices in Italy in February.

BUSINESS CONDITIONS

Industrial production during February and the first half of March continued the upward trend which has been in progress since mid-November. Production in practically all lines of industry made more than the usual seasonal gains, with the greatest increases in activity occurring in the automobile, iron and steel, and textile industries. The unusually cold February in the Eastern States was accompanied by marked increases in coal and electric power consumption and greatly curtailed construction and many other types of outdoor activity. Payments to C. W. A. workers were smaller in February than in January but indications are that both employment and payrolls in industry made more than the usual seasonal increase. Retail sales in February were at about the same levels as in January and were sharply higher than a year ago. The large flow of gold to this country in recent weeks has further increased the record excess reserves of banks and has been accompanied by lower interest rates on short time loans.

The Federal Reserve Board's seasonally adjusted index of industrial production for December has been revised upward to 75 and the preliminary index for January is 78, making a total advance of 5 points since November 1933. The increase in industrial production from December to January was fairly general in all lines of activity. The index of construction contracts declined from 58 in December to 51 in

January and department store sales remained unchanged at 69 percent of the 1923-1925 average. Factory employment was unchanged from December to January after seasonal adjustment while the index of freight car loadings increased from 62 in December to 64 in January.

Weekly statistics on automobiles and iron and steel through the first week of March indicate that improvement in these industries has continued at an accelerated rate during the past month. Carloadings, electric power production and cotton forwardings have also made more than the usual seasonal increase according to the New York Times weekly index of business activity. Building and construction were sharply curtailed in February by cold weather, the weekly total of contracts awarded for the third week in the month reaching the lowest point since last July. Sales of chain stores and mail order houses during February continued to show marked increases over a year earlier and were at about the same levels as in February after allowing for seasonal changes. The preliminary index of department store sales in February was 70 compared with 69 in January.

The movement of over $500,000,000 of gold into the United States in the past 6 weeks has greatly increased the excess reserves of the member banks, which has now reached the record levels of approximately $1,300,000,000. Loans of member banks decreased slightly during February but the rate of turnover of bank deposits has increased with the upturn in business.

The trend of industrial activity in foreign countries thus far in 1934 has been mixed with some decline in activity occurring in those countries having political disturbances and depending largely upon export trade, and further improvement occurring in the larger industrial countries. In the United Kingdom the Economist Monthly Index of Business Activity advanced 4.5 percent between December and January, the increase in activity being rather general in all lines of industry. Industrial activity in January was the highest for any month since April 1930 and only slightly below the peak recorded in November 1929. Some improvement in retail trade and in foreign trade was noted in January. Further improvement in industrial activity in Great Britain depends largely upon a revival of international exchange of commodities. In France and Austria political disturbances have resulted in some decline in business activity. Industrial activity in Belgium and Holland, which depend largely upon international trade, continues at unusually low levels. No improvement has been noted in Italy, Switzerland, or Poland in recent weeks but in Germany economic activity appears to have been maintained and unemployment has decreased. In Japan business activity continues at record levels and the value of exports in January was substantially higher than a year ago whereas imports were substantially lower thus reducing the excess of imports over exports. Industrial activity in Canada has also continued to improve and in January industrial production was the highest since March 1932.

WHEAT

The surplus of wheat available for export or carry-over in the principal exporting countries continues to be well below that of last year. However, import takings are restricted because of last year's unusually large crop in European importing countries and because of the high tariffs and other barriers against the importation of wheat by many countries. These circumstances are combining to keep prices low in the unprotected and unsubsidized wheat markets of the world. At Liverpool, prices converted to terms of gold cents of the

old par value have been at about 40 cents per bushel for nearly 5 months and when converted at current rates of exchange they are now in the vicinity of 65 cents per bushel. Meanwhile wheat at Chicago is selling for around 85 to 90 cents per bushel.

The United States average farm price of wheat as of February 15, was 72.0 cents per bushel compared with 69.4 cents a month earlier, and 32.3 cents in February 1933. Market price changes since mid-February indicate that the March 15 price is likely to average slightly lower than that of February 15. The weighted average price of all classes and grades of wheat at six markets which was 91.8 cents for the week ended February 17 declined to 85.5 cents for the week ended March 3, and 86.1 cents per bushel for the week ended March 10. At Kansas City No. 2 Hard Winter declined from 85.4 cents for the week ended February 17 to 81.9 cents for the week ended March 3, and 81.7 cents for the week of March 10. There have been no striking changes in the relationship between prices of the various representative wheats in United States markets. No. 2 Amber Durum, however, continues to be higher in price than the others. At Minneapolis, for the week ended March 10, No. 2 Amber Durum averaged 105.0 cents per bushel compared with 88.6 for No. 1 Dark Northern Spring.

Prospects for wheat prices during the next few months can probably best be appraised by considering separately the prospect for world market prices and for the relationship between prices in the United States and world markets. World market prices continue to be under the influence of very abundant supplies of wheat in the exporting countries and a restricted demand in the importing countries. Present estimates point to a surplus of wheat available for export or carry-over in the four principal exporting countries, together with quantities afloat and United Kingdom port stocks of about 821,000,000 bushels as of March 1 compared with 984,000,000 a year earlier. It is likely, on the other hand, that supplies in the Danube Basin and in Russia which might be exported are somewhat larger than a year ago, though it is not expected that these countries will export much wheat during the remainder of the current crop year. Although it does not seem likely that March to June takings by importing countries will be quite as large as those of last year, the carry-over in the exporting countries as of July 1 will probably be considerably smaller than it was on the corresponding date of 1933.

The course of world wheat prices during the next few months will depend to a considerable degree upon the results which are obtained in the way of acreage reduction and export control, and upon the prospective yields of wheat in the various countries of the world for 1934. Weather and crop conditions to date suggest that the total production of wheat in Europe will not be as large as it was last year, though it is too early to draw definite conclusions. While present indications point to another year of large abandonment and relatively low yields of winter wheat in the United States, the crop is expected to be considerably above that of last year. With average yields, the spring wheat crops of both the United States and Canada would be much larger than they were in 1933. Thus in the Northern Hemisphere the 1934 crop might prove to be smaller than that of 1933 in the importing countries, but larger in the exporting countries. This would not result in any very material improvement in world prices during the next few months unless it should be as a result of more tangible evidence of effective acreage reduction in wheat producing countries, of export controls, and measures to increase consumption than we have had thus far.

We may next turn to a consideration of the prospective relationship between prices in the United States and in world markets. In years past the price of wheat at Chicago has ordinarily been in the vicinity of 10 to 20 cents per bushel lower than at Liverpool. When Chicago prices are low relative to Liverpool, there is a heavy movement of wheat from the United States into export markets. This tends to result in there being a lower limit to the spread between Chicago and Liverpool prices, and during most years in the past the spread has frequently about reached that limit. There is similarly an upper limit to the spread, the point at which prices in the United States rise so high that wheat will be imported in large amounts over our tariff wall. With freight rates now prevailing, it appears that Chicago prices cannot well decline to more than about 15 or 20 cents per bushel under Liverpool, whereas the upper limit is such that Chicago prices cannot rise much more than 25 cents per bushel above Liverpool.

Since July the spread between Chicago and Liverpool has averaged about 20 cents per bushel which is but little lower than the upper limit. This is the result partly of the short crop of wheat harvested in the United States during 1933; partly of the program of aiding exports from the Pacific Northwest; partly of the acreage reduction campaign; and partly of various other factors which have contributed to a speculative support of the market. From a long-time standpoint, however, prices at Chicago can be maintained far above an export basis only if wheat acreage in the United States is reduced sufficiently to leave us with no material export surplus east of the Rocky Mountains, or if the United States extends its policy of export aid to regions east of the Rockies. An acreage reduction of 15 percent is not sufficient to place wheat production east of the Rockies on a domestic basis except in years when yields are below average. With the large surplus for carry-over which still exists in the United States and a crop equal to or in excess of domestic requirements, prices at Chicago might occasionally decline to an export basis if export aid were not extended to wheat grown east of the Rockies.

Rather comprehensive data on stocks indicate that there was a surplus of wheat available for export or carry-over in the United States as of January 1 amounting to about 285,000,000 bushels. This consequently suggests a carry-over into the new crop year of somewhere in the vicinity of 275,000,000 bushels. Murray forecast the winter wheat crop at 475,000,000 to 480,000,000 bushels based on his March 1 condition figures of 73.5 percent. If spring wheat yields should be average, and if there should be no acreage reduction beyond that already contracted for, the spring wheat crop of the United States this year would amount to about 230,000,000 bushels. Hence, using Murray's figure for winter wheat production and the above figure for spring, we arrive at a total of about 710,000,000 bushels. This may be compared with an allowance for domestic utilization of 625,000,000 bushels, which includes 500,000,000 bushels for food, 75,000,000 for seed, and 50,000,000 as feed. The above calculation takes no account of the effects of any supplementary acreage reduction campaign. Since some steps toward supplementary reduction have been taken and others may be taken it is to be expected that a somewhat smaller production than that indicated above would be obtained if spring wheat yields should be about average.

CORN

Corn prices have changed but little during the past month, after a slight decline from mid-January to mid-February. Commercial stocks continue at the highest level on record for this time of year despite only moderate receipts at primary markets.

The United States average farm price of corn in mid-February was 45.6 cents per bushel compared with 43.9 cents a month earlier. Changes in market prices since mid-February indicate that the farm price in the Corn Belt as of March 15 will differ but little from the February 15 price. At Chicago, No. 3 Yellow declined from a high point of 50.3 cents for the week ended January 20 to 47.8 cents for the week ended February 24. Since the latter date there was some recovery, and for the week ended March 10, No. 3 Yellow averaged 49.2 cents per bushel.

Primary market receipts for the 4 months November to February inclusive, have amounted to 68,341,000 bushels compared with 50,081,000 in the corresponding period of last year, and an average of 87,715,000 bushels in the first 4 months of the past 5 seasons. During February receipts amounted to only 14,427,000 bushels compared with 15,074,000 in January, 13,107,000 in February 1933, and the 5-year average of 22,148,000 bushels for February.

There has been very little change in commercial stocks during the past 2 months. Their high point thus far this season was reached at the close of December when they amounted to 70,540,000 bushels. The next highest point was reached on February 24 at 70,122,000. As of March 10 they amounted to 67,919,000 bushels. This compares with an average of 29,554,000 bushels for the second week of March of the past 5 years. The highest previous figure for commercial stocks of corn for the second week of March was in 1927 when they totaled 49,789,000 bushels. Commercial stocks were not compiled prior to 1927, but they are fairly closely comparable to figures of the visible supply as reported by the Chicago Board of Trade. The highest previous level reached by visible supplies of corn as of the first week of March was only 45,103,000 bushels. It is, nevertheless, significant that corn stocks have increased but little since the beginning of the current season. On October 28 they amounted to 61,355,000 bushels. Ordinarily in the second week of March corn stocks are very materially higher than they are at the beginning of November.

The average increase for the past 5 years is approximately 20,000,000 bushels. The corn loans which have been made will probably serve to prevent any material distress selling of corn between now and August when the corn loans are due. Consequently, no great weakening of the market seems likely unless as the result of a favorable new crop outlook. On the other hand, the possibility of considerable amounts of corn being turned to the government for disposal at the expiration of the loans may tend to prevent any material advance. Farmers are, of course, free to sell their corn prior to August, but they are not likely to do so unless they can obtain prices equal to or higher than the loan value.

Wet process grindings of corn during February amounted to 4,526,000 bushels. This is the lowest figure for February since 1921. Utilization of corn for alcoholic beverages is no doubt much higher than in recent years, but in the absence of definite figures, it is impossible to appraise the extent to which the decline of wet process grindings is offset by, or more than offset by increased utilization for other purposes.

POTATOES

Potato prices in central markets followed a mixed trend during February; advancing about 63 cents per 100 pounds or 30 percent in the East, but declined 21 cents or 10 percent in the Middle West. Both eastern and western market prices eased off during the first week of March. The car-lot movement of old stock has continued heavy during February, although it was somewhat lighter than during February a year ago. Although increased plantings have been made in the southern early states recent frosts caused some damage to the growing plants which may reduce yields slightly.

Potato prices at New York rose steadily through February to a new season high of $2.71 per 100 pounds but eased off to $2.55 during the first week of March. This new peak in prices is 71 cents above the January low, and $1.06 above the November or season's low point. A year ago the quotations averaged $1.13 per 100 pounds. At Chicago potato prices declined 21 cents per 100 pounds from the season's high of $2.13 reached the last week of January to the last week of February and then declined further to $1.82 during the first week of March. A year ago they averaged 98 cents per 100 pounds.

Eastern shipping point prices followed much the same trend as New York prices. At Presque Isle, Maine, Green Mountains advanced steadily throughout February to $2.00 per 100 pounds f.o.b.cash track and then declined slightly during the first week of March. This new high point is exactly double the season's low reached last November. Round whites at Rochester, New York, advanced about 35 cents per 100 pounds during February to $1.96 and then declined to $1.75 during the first week of March. Shipping point prices in the Middle West and Western States followed the lead of the Chicago market. At Waupaca, Wisconsin, round white prices declined 10 to 15 cents per 100 pounds during February and then another 10 to 15 cents during the first week of March, when they averaged about $1.12 per 100 pounds. At Idaho Falls, russets declined from $1.38 per 100 pounds to $1.20 during February and held fairly steady during the first week of March.

The United States farm price averaged 87.7 cents per bushel on February 15, compared with 77.2 cents a month earlier, 37.0 cents a year earlier and 66.3 cents the 1910-1914 February average. Farm prices are now 7 percent above their "parity price" of 82 cents per bushel. Shipping point prices of Florida bliss triumphs declined from $3.10 per 100 pounds to $2.30 during February. Prices strengthened slightly during the first week of March.

The carlot movement of old stock potatoes continues heavy. Shipments have averaged from 4,100 to 4,900 cars per week during February. To March 3 this year the movement of late potatoes exceeded 114,000 cars compared with 9?,000 cars last year to March 4. Even the movement of new potatoes from Florida is heavier than a year ago. Around 550 cars had been moved to March 3 compared with only 241 a year ago.

TOBACCO

Prices of nearly all types of tobacco averaged higher in February than in January and much higher than in February 1933. A marked increase in the quantity of tobacco used in manufacture occurred in January. Exports of leaf tobacco declined in January to about 30 percent of the 5-year average.

Prices of Burley (type 31) in Kentucky average 11.1 cents per pound in February compared with 10.5 cents in January and 8.2 cents in February, 1933, according to the State report of warehouse sales. Prices on a grade basis have continued to advance during the past several weeks. According to reports of the Bureau of Agricultural Economics grading service they were higher in the week of March 10 than in any other week since the markets opened in January. According to the Kentucky report, prices of One Sucker tobacco (type 35) in February averaged 8.4 cents per pound compared with the January average of 6.7 cents and the February, 1933 average of 4.4 cents. Green River (type 36) averaged 9.3 cents compared with a January average of 7.7 cents and a February, 1933 average of 3.5 cents. Prices of the flue-cured types which averaged, respectively, 8.1 cents for Clarksville-Hopkinsville (type 22), 5.7 cents for Paducah (type 23), and 5.9 cents for Henderson (type 24), were each about 10 percent higher than in January and from 60 to 110 percent above February a year ago. Prices for Virginia fire-cured tobacco (type 21) also increased during February, according to State reports, averaging 7.0 cents per pound compared with 6.9 cents in January and 7.6 cents in February a year ago. Flue-cured prices for the season, as shown by State reports, indicated an average price of about 15.2 cents per pound, compared with an official estimate of 11.6 cents for the 1932 crop, and 8.4 cents for the 1931 crop.

The quantity of tobacco used in manufacture of tobacco products, as indicated by reports of the Commissioner of Internal Revenue, was about 20 percent larger in January, 1934 than in January, 1933 and about 40 percent larger than in December, 1933. All classes of tobacco products shared in this increase. The number of tax stamps issued for use on cigars was 16.5 percent greater in January than a year earlier; the number issued for cigarettes was 33.2 percent; the number for manufactured tobacco (smoking and and chewing combined) was 11.6 percent greater and the number for snuff 6.6 percent greater.

Exports of leaf tobacco for the United States during January totaled only 25,800,000 pounds. This was more than 50 percent below the quantity exported during December, 1933 and nearly 30 percent below the 5-year average for January. The greatest decline occurred in the case of flue-cured tobacco, owing largely to the reduced takings of the United Kingdom, the principal importer of flue-cured tobacco. Flue-cured exports usually constitute more than 80 percent of the total United States tobacco exports during this period. Exports of all other types of tobacco except Burley also showed declines during January.

HOGS

Hog prices, after advancing sharply in early February were fairly well maintained through early March followed by some decline in the second week of March. The marked rise in the first 8 days of February was in response to a very marked reduction in slaughter supplies and increased buying of market offerings for government account. The rise carried the weekly average at Chicago from $3.40, the fourth week in January, to $4.50 by mid-February. The advance at first was somewhat uneven as between markets and different weight groups, as it was more pronounced at Chicago and East St. Louis than elsewhere, and much greater on hogs weighing under 240 pounds than on those of heavier weights. This out-of-line relationship was corrected later through advances in those prices which had lagged earlier and slight reductions in the prices of the lighter weights.

The Federal hog processing tax was increased on March 1 from $1.50 to $2.25 per 100 pounds live weight. Prices during the period immediately following the increase in the tax were fairly well maintained as a result of a sharp curtailment in market offerings and a temporary resumption in the buying of hogs for government account.

The seasonal rise in hog prices this winter from the low point of $3.18 in the weekly average at Chicago in late December to the high point reached thus far in March of $4.56 represents an advance of about 43 percent from the low point. If the increase of $1.25 in the hog processing tax during this period is included, the cost of hogs to packers rose from $4.18 to $6.81. This cost, therefore, increased $2.63 or 63 percent. The average rise during the late winter and early spring in the previous 33 years amounts to $2.17, or about 29 percent from the winter low. The largest percentage rise on record is 70. The percentage rise this winter is about equal to that which occurred in 1922 following the depression of 1921, and also is about equal to that in the late winter of 1925, following the very short corn crop of 1924. In 1922, the late winter rise ended early in March and in 1925 it terminated in the third week in March.

Federally inspected slaughter of hogs in February, totaling 3,433,000 head, was about 6 percent smaller than that of February last year and was the smallest slaughter for the month since 1927. The reduction in slaughter from that of January amounting to 1,957,000 head, was the second largest decrease for this period on record. Total inspected slaughter during the first 5 months of the current marketing year which began with last October exceeded that of the corresponding period of the previous year by about 600,000 head, or 3 percent. Because of lighter average weights at which hogs were marketed the total output of hog products was probably no greater than that of the earlier period.

The hog-corn price ratio continues unfavorable to hog producers although it improved somewhat in February, largely as a result of the rise in hog prices. The ratio in the North Central States as of February 15 averaged 9.9 compared with 7.6 on January 15 and 19.1 in February last year.

Largely as a result of the marked reduction in slaughter supplies in early February, prices of fresh pork rose sharply during that period and then lost part of this advance later in the month. Prices of light loins in New York advanced about 6 cents per pound but later lost about half of this gain.

Prices of cured pork and lard made a moderate seasonal advance in February and the composite average wholesale price of the principal hog products at New York during the month was 12 percent higher than that in January and 31 percent higher than that of February 1933.

Because of the large reduction in hog slaughter during the month the seasonal increases in storage stocks of pork and lard were much smaller than average. Pork stocks on March 1, amounting to 736,000,000 pounds, were about 6,000,000 pounds larger than those of February 1, and 8 percent smaller than the 5-year average for that date but were 21 percent larger than those of a year earlier. Lard stocks totaled 178,000,000 pounds, or 9,000,000 pounds more than a month earlier. This total was 205 percent more than that of March 1, 1933 and 73 percent greater than the 5-year March 1 average.

Pork exports in January were somewhat larger than in January last year as a result of a larger movement of fresh and frozen pork. Exports of this class of pork have been increasing in recent months. Exports of cured pork and lard in January were smaller than those of a year earlier. Last year, however, exports of lard in that month were unusually large as a result of an increased movement into Germany in anticipation of higher German import duties on lard becoming effective.

The unusually large reduction in hog slaughter during February from that in January was to some extent a reflection of the slaughter of 6,000,000 pigs last August and September in connection with the hog production control program of the Agricultural Adjustment Administration. Much of that slaughter probably represented pigs farrowed in the late spring and early summer and which normally would have been marketed from early February to mid-April of this year. Because of their removal from the market supply, a further decrease in hog slaughter during the next few weeks from that of last year would seem probable. The very unfavorable relationship between hog prices and corn prices which has prevailed during the last 6 months, however, may tend to cause hog producers to market their fall pig crop somewhat earlier than usual, consequently the reduction in hog slaughter may be more marked next summer than during the next 6 weeks.

CATTLE

Cattle prices continued to advance during February despite the largest slaughter of cattle for the month in 16 years, and the largest February slaughter of calves on record. Improving consumer demand for beef is making it possible to move largely increased supplies of all cattle at advancing prices. Although slaughter supplies of all cattle are expected to continue large, the proportion of well-finished cattle is expected to decrease during the next few months whereas it usually increases. Hence, a further contra-seasonal advance in prices for such cattle is not unlikely. Further expansion in consumer demand for beef, which will follow if business conditions continue to improve, may result in a material improvement in the cattle situation by the end of the year.

Most kinds and grades of cattle continued to advance during February and at the end of the month were higher than at any time since last September. Comparing the last week in February with the week ended November 18, which marked the recent low point in beef steer prices, different grades of beef steers at Chicago showed price advances ranging from $.94 to $1.17 per hundred. Other kinds of slaughter cattle advanced somewhat from the middle of November, the improvement being more marked with low grade cows and heifers, which were helped by the purchases on government relief account, than with the better grades of butcher cattle.

Prices of stocker and feeder cattle also advanced in price, reflecting the improvement in beef steer prices, especially common steer prices, the advance from November to February amounting to over $1.00 per hundered at Chicago and Kansas City. The average price of all grades of beef steers at Chicago for the month of February was $5.49, compared with $5.35 in January and $4.81 in February 1933. The average farm price of beef cattle on February 15 was $3.67, compared with $3.33 in January and $3.31 in February 1933.

Slaughter of cattle in February was very large, much larger than receipts at leading markets would indicate. Inspected slaughter of 733,000 head was the largest for the month in 16 years and the second largest for the

month on record, being 29 percent larger than in February 1933 and the 5-year February average. Calf slaughter in February of 437,000 head was also very large, being 38 percent above February 1933 and 50,000 head larger than for any other February on record. The slaughter supply continued to include an unusually large proportion of long-fed cattle. The number of choice steers at Chicago was over twice as large as in any other February in the 13 years for which records are available and the number of good steers was the second largest for the month.

Consumer demand for beef has been increasing steadily during the past few months and is markedly above a year ago. This improving demand is making it possible to move into consumption, not only largely increased supplies of beef, but to move these at advancing prices. During the first 2 months of 1934 slaughter of cattle and calves was over 600,000 head larger than for the same months in 1933, an increase of nearly one-third. Prices of both cattle and calves were higher for the 2 months this year than last.

The slaughter of both cattle and calves is expected to continue large during the balance of 1934, but hardly at the same relative increase over 1933 as prevailed in January and February. During the next few months the proportion of fed cattle in the supply is expected to become less and after March, the number and proportion of choice cattle will be considerably reduced. Although the usual seasonal trend in prices of better grade steers is downward from January to June, a reversal of this trend this year is to be expected since the number of such steers will tend to decline, whereas it usually increases, and a further improvement in consumer demand for beef is fairly certain.

BUTTER

Production of butter is low; a phenomenal rise in prices has occurred since mid-December, and prices are the highest in more than 2 years. Even with the rise in butter prices the farm prices of butterfat in relation to feed grains is relatively low. Because of this price relationship and short feed supplies, butter production will probably continue relatively light for the rest of the feeding seasons. The number of milk cows on farms January 1 was 3.1 percent larger than the large number a year earlier. The number of heifer and heifer calves was also larger than a year earlier. The number of milk cows on farms will be large throughout the coming year.

Estimated creamery butter production in January was 112,400,000 pounds or 12.9 percent less than the high production a year earlier, and the lowest for January since 1930. January production was only 0.6 percent larger than December compared with an increase of 4.6 percent from December to January a year ago and the usual seasonal increase of about 10.5 percent. In the West North Central States the area of heaviest production, January production was 11.6 percent less than a year earlier, while in the South Central States the decrease from 1933 was 27 percent. Weekly reports indicate that production has continued relatively low during February.

The price of 92-score butter at New York in February averaged 25.4 cents or 5.5 cents higher than a month earlier, and the highest for any month since December 1931. Ordinarily there is little seasonal change in prices from January to February. The farm price of butterfat on February 15 was 21.6 cents or 5.5 cents higher than in mid-January, and nearly 6 cents higher than in February 1933. Farm prices of feed grains were only slightly higher in mid-February than a month earlier. Even with this

change butterfat prices are relatively low compared with feed grains. This price relationship has been an important factor in tending to curtail production, and will probably result in relatively light production from now until the pasture season.

During 1933 the number of milk cows on farms increased by 785,000 head or 3.1 percent. The largest increases in numbers occurred in the North Central States, 3.7 percent; and in South Central States, 4.0 percent. In the North Atlantic States there was practically no change.

The number of dairy heifers 1 to 2 years old on farms January 1, was 1 percent larger than a year earlier and the number of heifer calves 2.5 percent larger. The number of milk cows on farms during the coming year will probably average higher than in 1933.

Trade output of butter in January was 10.7 percent larger than a year earlier. This increase was due to the distribution of government butter for relief purposes, which amounted to approximately 14,800,000 pounds in January. Trade output through the regular commercial channels in January was about the same as a year earlier, and consumer expenditures for butter through the regular commercial channels about 5 percent less than in January 1933.

Cold storage holdings of butter on March 1 were 36,800,000 pounds, about 24,000,000 pounds larger than on the same date in 1933, but 10,000,000 pounds less than the peak holdings for that date in 1930. Cold storage holdings are small compared with current production. Government holdings of butter on March 1 were 4,114,000 pounds. If these are deducted from the total holdings, the amount available for distribution through the regular commercial channels is 32,728,000 pounds or 9,541,000 pounds more than the 5-year average.

CHEESE

With the decrease in milk production on farms as compared with 1933, cheese production has been decidedly less than a year earlier. With the light production and general rise in commodity prices, cheese prices have increased sharply since the first of the year. Trade output and stocks of cheese are larger than a year ago, whereas imports are low. Even though the number of cows on farms is larger than in 1933 the outlook is for relatively light production of cheese during the remainder of the feeding season because of the relatively high prices of feed grains.

Production of cheese in January was 28,436,000 pounds or 16.2 percent less than a year earlier and the smallest for January since 1929. January production was about 10 percent larger than in December compared with the usual seasonal increase of about 5 percent.

January production of American cheese in Wisconsin was 27 percent less than in January 1933. In the West Coast States and West North Central States, however, January production was larger than in the same month a year earlier.

The price of cheese (twins) on the Wisconsin Cheese Exchange in February averaged 12.6 cents, 3 cents higher than a month earlier and 4.6 cents or 58 percent higher than a year earlier. The price in February was the highest for any month since October 1931.

Cold storage stocks of case eggs on March 1 were 90,000 cases compared with 163,000 cases a year ago and a 5-year average of 185,000 cases. Eggs are going into storage later this year than last. Cold storage stocks of frozen poultry were 101,800,000 pounds compared with 88,700,000 pounds a year ago, and a 5-year average of 100,500,000 pounds.

LAMBS

Lamb prices continued to advance during February until a top of $10.15 was reached at Chicago late in the month. A recession of about $1.00 a hundred occurred early in March largely as a result of the inability of dressed lamb prices to support the high live lamb level. While supplies of lambs for the next 2 months are expected to be smaller relative to the same months in recent years than were supplies in February, any advance in live lamb prices above the high point in late February will depend upon whether dressed lamb prices can maintain their margin above prices for other meats.

Lamb prices continued to advance steadily during February and in the last week of the month the top on slaughter lambs at Chicago reached and passed the $10.00 mark. This was the first time since June 1931 that lambs had sold above $10.00. During the early days of March however, a sharp reaction set in and the price dropped about $1.00 a hundred, carrying the general level of lamb prices back to where it was about the middle of January. The average weekly price of good and choice slaughter lambs of 90 pounds and less, at Chicago the week ended March 3, was $9.63 compared with $5.42 in the corresponding week of 1933. For the same weeks good and choice slaughter ewes averaged $5.10 this year and $2.62 last. The February 15 farm price of lambs was $6.55 this year compared with $5.50 on January 15, and $4.19 in February 1933. The pre-war February farm price of lambs was $5.95. Lambs, wool and potatoes were the only important farm products whose February prices this year exceeded the pre-war prices. Lambs are the only species of meat animals, whose price has advanced to a point above the low point reached in the 1920-21 recession.

Supplies of slaughter lambs in February made more than the usual seasonal decline from January. Inspected slaughter of 1,159,000 head was about 18 percent smaller than in January, but only 7 percent below February 1933, only 1 percent below the 5-year February average, and larger than any February prior to 1930. Receipts of lambs at leading markets continue to be an unreliable index as to slaughter supplies. Receipts at seven leading markets were 22 percent smaller than in February 1933 and 26 percent smaller than the 5-year February-average receipts.

Wholesale prices of dressed lambs advanced sharply during February. During the months in 1933 when live lamb prices were higher than in the corresponding months of 1932 wholesale dressed lamb prices at New York were lower than in 1932 and this situation continued through most of January this year. The higher prices of live lambs during the period were a result of the higher wool and pelt values. The further advance in live lambs in February followed the advances in wholesale dressed prices. This resulted in prices of dressed lamb much higher than those of other kinds of meats. At the end of February the average weekly wholesale price of dressed lamb at New York was $16.70, compared with $10.75 for choice steer beef, $11.50 for choice veal and $13.50 for light pork loins. The drop in lamb prices early in March was largely due to the inability of the dressed market to advance in line with the further advance in live prices.

Trade output of cheese in January was 44,284,000 pounds or 4.8 percent larger than in January 1933 and the largest for January since 1930. The retail price of cheese in January was only slightly lower than a year earlier so that the estimated consumer expenditures for cheese in January were 4.3 percent larger than a year earlier. This was the first month since last July when estimated consumer expenditures were larger than in the same month of the preceding year. Cheese imports continue low. January imports were 8 percent lower than the small imports a year earlier.

Cold storage holdings of American cheese on March 1 of 54,383,000 pounds were about 7,391,000 pounds larger than on March 1, 1933, but only 4,000,000 pounds larger than the 5-year average.

EGGS AND CHICKENS

Prices of eggs and chickens continued their usual seasonal trends in February with egg prices declining and chicken prices rising. These price movements ordinarily continue through March and May respectively. Receipts of eggs have been slightly above the average of recent years but heavy production this spring is not anticipated. Storage stocks of case eggs are now low; the into-storage movement is starting late; stocks are not likely to be greater than last year. The principal factor in maintaining higher egg prices this spring than last, is the generally higher price levels.

The poultry situation is somewhat different. Storage stocks, which are the dominant source of supply during the spring months, are large and while receipts in February were below average, yet spring receipts are always relatively low. The farm price of chickens on February 15 was 10.2 cents, an advance of 0.8 of a cent from a month before, and 0.8 of a cent above the price a year before.

The prices of special packed mid-western eggs at New York averaged 21.1 cents per dozen in February, a decline of 3.7 cents from the December average, but 1.9 cents above the average price for February 1933. On March 7 the price was 19-3/4 cents. The farm price of eggs of 15.8 cents on February 15 was 1.8 cents lower than on January 15, but 4.8 cents above the farm price a year before.

Receipts of eggs at the four markets during February were 1,103,000 cases compared with 936,000 cases a year before and a 5-year average of 994,000 cases. The total for both January and February is about the same as the 5-year average for those months.

Receipts of dressed poultry at the four markets in February were 17,900,000 pounds compared with 20,800,000 a year before and a 5-year average of 21,700,000 pounds.

Hatchery reports for December and January indicate a larger broiler production than last year and the possibility of smaller laying flocks next fall and winter. The number of salable chicks hatched in December was 56 percent greater than a year earlier. These hatchings are primarily for early broiler production. The number of chickens hatched in January was about the same as in 1933 whereas orders for February delivery or later were reported as 14 percent less than in 1933. These later hatchings are mainly for replacement of laying flocks.

Slaughter of lambs in March and April is expected to be considerably smaller than a year ago, but not as much smaller as the reduced number of lambs on feed January 1 would indicate. There has apparently been a heavy movement of feeder lambs direct to feed lots since January 1, especially from Texas where feed conditions have been poor, and a somewhat heavier early movement of new crop lambs in California is not unlikely. The number of lambs in feed lots in Colorado and the Scottsbluff area at the end of February was about 130,000 head smaller than a year earlier.

WOOL

Little change occurred in the wool marketing situation during the last month. Sales in the Boston market have been light, with prices remaining firm on fine grades of wool but weakening slightly on some of the coarser grades. Wool prices in foreign selling centers are below the peak reached in January. Contracting of the new United States clip on a limited scale has been reported in the Western States. Prices indicated in the reports on such contracts were considered to be slightly above current Boston quotations. Although wool consumption in the United States failed to show the usual seasonal gain in January, available supplies of the 1933 domestic clip are reported to be small. Present stocks of wool in the Southern Hemisphere countries are also estimated as being smaller than usual for this time of year. In view of the reported low level of stocks of wool, no appreciable decline in wool prices is expected during the remainder of the current season.

Quotations for fine (64's, 70's, 80's) strictly combing territory wool at Boston averaged 87 cents a pound, scoured basis for the week ended March 10, having shown no change since the middle of January. The price of this wool in the second week of March, 1933, averaged 46 cents a pound. Territory 3/8 blood (56's) wool remained unchanged during February, and for the week ended March 10 was 81.5 cents a pound scoured basis compared with 57 cents a pound in the corresponding week of March, 1933. The United States average farm price of wool was 25.4 cents a pound on February 15 compared with 24.6 cents on January 15 and 8.8 cents on February 15, 1933.

Wool prices in foreign markets have declined from the high level reached in January. Prices for super-merinos and fine crossbred wools at the opening of the second series of the London sales on March 6, were barely equal to the closing quotations of the previous series on February 2. Prices for average quality crossbreds were 5 percent below the February quotations and medium and low crossbreds had declined 10 to 12-1/2 percent. England and Germany were the chief buyers in the early days of the series.

The quantity of combing and clothing wool consumed by mills reporting to the United States Bureau of the Census in January was about the same as in December. The index of consumption of such wool, on a grease basis, adjusted for seasonal variation, was only 70 (1923-1929=100) in January compared with 80 in December and 84 in January, 1933. Some improvement in mill activity was reported toward the end of January and early part of February. Woolen mills, particularly those using the lower quality wools are in a relatively better position than mills making high grade worsted fabrics. Trading and wool manufacturing activity were fairly well maintained in continental European countries during January, but employment declined somewhat in the English wool industry. Part of the slowing-down in activity in Great Britain was seasonal and was to be expected in view of the greater than usual increase in activity which occurred in the last quarter of 1933.

The revised estimate of 364,730,000 pounds for the domestic wool clip for 1933 together with the estimate of pulled wool production shows a total production of 428,930,000 pounds for 1933, an increase of 4 percent above 1932. Such indications as are now available point to little change in wool production in the United States for 1934 from that of 1933. The total number of sheep and lambs on farms on January 1, 1934 was slightly smaller than a year earlier, but there was a small increase in the number of stock sheep. Sheep and range conditions since last summer have been less favorable than those of the preceding year.

Production of wool in 20 Northern and Southern Hemisphere countries for 1933 is now estimated at 2,617,100,000 pounds, a decrease of 8 percent compared with the record year of 1932, but 9 percent above the 5-year average, 1923-1927. These 20 countries in 1932 produced over 80 percent of the world total, excluding Russia and China.

COTTON

Domestic cotton consumption from August 1 to the end of February was larger than in the like period in either of the last three seasons. This was likewise true of the total world consumption of all cotton judging from the reported consumption to the end of January. Cotton prices which advanced from 10-1/4 to 12-1/2 cents from early January to February 12, reacted about 2/3 cent per pound during the latter part of February, but recovered to 12-1/4 cents during the first part of March. With planting now under way in the southern part of the Belt, much attention is being given to the prospects for the new crop. Despite the success of the acreage rental program, large applications of fertilizer and intensive cultivation of the smaller acreage might result in a fairly large crop, if weather conditions were favorable. However, legislation is now pending which is designed to restrict the amount of cotton marketed from the 1934 crop to about 10,000,000 bales.

Domestic cotton consumption in February showed about the usual decline as compared with January, but was the largest for the month since 1930, according to data released by the Bureau of the Census. The 478,060 running bales consumed during February represented a decrease of 3 percent from the previous month, whereas during the last 10 years the average decrease in consumption from January to February was 6.6 percent. The daily rate of consumption during February was about the same as during January, the decline being due to the fewer number of days in February. Consumption in February last year amounted to 441,000 and in February, 1932 to 451,000 bales. While consumption during February this year was larger than in either of the 3 previous years, it was smaller than in the corresponding month of any of the 8 years, 1923 to 1930. Total consumption from August 1 to February 28 amounted to 3,492,000 running bales which was 149,000 bales larger than during the first 7 months of last season and continued larger than in the like period of either of the last three seasons. Although sales of cotton goods by domestic manufacturers apparently dropped below production toward the end of February and in the first part of March, sales for the month of February were probably well in excess of production. This plus the fact that unfilled orders on hand in late January were unusually large insures a continuation of at least the present rate of activity for many weeks, barring some very unusual development. However, due to the marked increase in domestic consumption in the latter part of last season, the comparisons between the consumption for the remainder of this season and that of a year earlier will not be so favorable as thus far.

World consumption of all cotton during the first half of the present season amounted to 12,519,000 running bales, which was 636,000 bales or 5 percent larger than the like period last season and the largest for the period since 1929-30, according to data recently received from the International Federation of Master Cotton Spinners' and Manufacturers' Associations. Consumption of American was reported at 7,018,000 bales which was also larger than in the like period of either of the last three seasons, but about 302,000 bales less than in the 6 months ended July 31, 1933. Consumption of Egyptian, Indian, and Sundries (cotton other than American, Indian, and Egyptian) all showed increases over the like period last season and in the case of Egyptian the increase amounted to 17 percent making the largest consumption of this cotton ever recorded in any 6-month period.

Cotton prices reacted somewhat following the marked advance which occurred during January and the first part of February. During this period of less than a month and a half the average price of Middling 7/8 inch cotton in the 10 designated markets advanced about 2-1/4 cents or 25 percent. This advance was associated with such factors as increased sales of cotton textiles and increased domestic mill activity, the stabilization of the dollar, improvement in business and business sentiment, and the success of the A. A. A. in renting cotton lands from the farmers, together with the consideration given to the Bankhead bill providing for greater control over the 1934 marketings. The reaction which followed the marked advance resulted in the 10 market average declining to 11.88 cents on February 26, part of which was associated with the decline in the prices of other speculative agricultural commodities and of stocks prices. In early March, cotton prices again strengthened, with a March 2 average of 12.28 cents and a March 8 average of 12.24. On March 14, the average in the 10 spot markets was 12.23 cents per pound. A year earlier the markets were closed on account of the bank holidays, although scattered sales of Middling 7/8 inch were then reported at around 7 cents.

The results of the A. A. A.'s cotton acreage control program is expected to show that approximately 15,000,000 acres (the goal which they set out to accomplish) will have been rented to the Government, when all of the contracts have been received and accepted. With the prospective abundant labor supply and the large increase in the sale of work animals, equipment and fertilizer, the smaller acreage may be so intensively cultivated and heavily fertilized that the crop may be fairly large despite the small acreage. During February sales of fertilizer tax tags in eight of the principal cotton producing states amounted to about 388,000 short tons compared with 203,000 tons during February 1933, representing an increase of 91 percent, but 44 percent less than the average for the 5 years, 1928 to 1932. For the 3 months December to February, total tag sales in these states amounted to 796,000 tons compared with 374,000 tons during the like period last season, but was 21 percent less than the average for the 5 years ended 1932. The Bankhead bill is designed to hold marketings in check. This bill which originally provided for the restriction of the ginning from the 1934 crop to 9,000,000 bales has recently been revised to limit the amount of cotton which may be ginned without being taxed to 10,000,000 bales.

Business statistics relating to domestic demand

Year and month	Industrial production	Factory payrolls	Factory employment 1/	Commodity prices: United States: Prices paid farmers 2/	Commodity prices: United States: Wholesale 3/ 1910-1914 = 100	Commodity prices: United States: Wholesale 3/ 1926 = 100	Commodity prices: Foreign 4/: In foreign currency	Commodity prices: Foreign 4/: In dollars	Interest rates 5/	Industrial stock prices 6/
	1923-1925 = 100						1926 = 100			
1929										
July	124	109	102	140	141	96	94	96	6.00	344
Oct.	118	106	100	140	139	95	94	96	6.19	321
1930										
Jan.	106	97	94	134	135	92	90	92	4.94	252
Apr.	104	95	92	127	131	90	86	88	3.88	288
July	93	85	86	111	123	84	83	84	3.16	232
Oct.	88	78	83	106	121	83	80	81	2.92	196
1931										
Jan.	83	70	78	94	114	78	76	77	2.85	168
Apr.	88	72	78	91	109	75	76	76	2.38	162
July	82	67	75	79	105	72	74	73	2.00	143
Oct.	73	58	70	68	103	70	72	66	3.50	102
1932										
Jan.	71	54	67	63	98	67	71	60	3.88	79
Apr.	64	48	64	59	96	66	69	60	3.73	63
July	58	41	58	57	94	64	67	56	2.54	46
Oct.	66	42	61	56	94	64	68	55	2.07	64
1933										
Jan.	65	40	59	51	89	61	68	54	1.44	62
Feb.	64	39	59	49	87	60	67	54	1.25	56
Mar.	60	36	57	50	88	60	66	54	3.30	58
Apr.	67	38	58	53	88	60	66	55	2.60	65
May	77	42	61	62	92	63	67	62	2.09	82
June	91	46	65	64	95	65	68	66	1.91	94
July	100	52	70	76	101	69	68	75	1.75	100
Aug.	91	56	73	72	102	70	68	73	1.75	98
Sept.	84	58	74	70	103	71	69	78	1.53	100
Oct.	77	56	74	70	104	71	69	78	1.50	93
Nov.	73	53	72	71	104	71	69	85	1.50	96
Dec.	75	52	72	68	103	71	68	84	1.50	99
1934										
Jan.	78	54	72	70	105	72	69	84	1.50	103
Feb.				76					1.50	107

1/ Federal Reserve Board indexes, adjusted for seasonal variation.
2/ United States Department of Agriculture, August 1909-July 1914 = 100.
3/ Bureau of Labor Statistics index.
4/ Weighted average of index for eight foreign countries - United Kingdom, Canada, Japan, France, Italy, Germany, China and the Netherlands.
5/ The Annalist. Average of daily rates on commercial paper in New York City.
6/ Dow-Jones index is based on daily average closing prices of 30 stocks.

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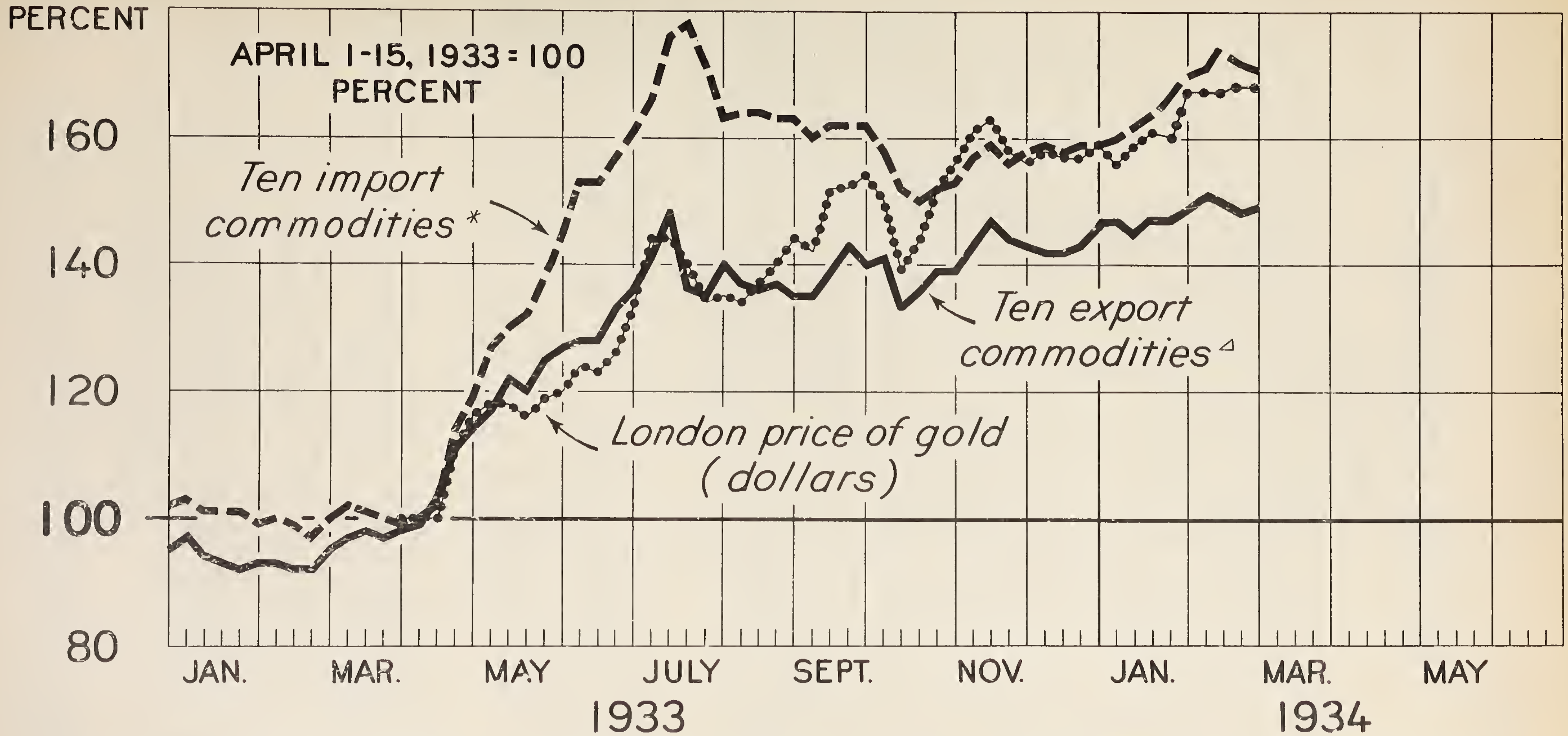
Prices of Import and Export Commodities, United States, and London Price of Gold in Dollars, January, 1933 to date



*RAW SILK, COFFEE, RUBBER, SUGAR, COCOA BEANS, CHEESE, HIDES, WOOL, FLAXSEED, AND TIN
△COTTON, WHEAT, TOBACCO, LARD, RICE, APPLES, PRUNES, RAISINS, COPPER, AND LEAD

U. S. DEPARTMENT OF AGRICULTURE NEG. 26873 BUREAU OF AGRICULTURAL ECONOMICS

PRICES OF COMMODITIES ENTERING INTERNATIONAL TRADE, ESPECIALLY RAW MATERIALS, ADVANCED SHARPLY IN THE UNITED STATES AFTER GOLD PAYMENTS WERE SUSPENDED. THE UNPRECEDENTED RISE IN BUSINESS ACTIVITY IN THIS COUNTRY AND COMMODITY SPECULATION CONTRIBUTED TO THE PRICE RISE FROM APRIL TO MID-JULY 1933. SINCE AUGUST THE INDEXES OF PRICES OF 20 IMPORTANT EXPORTS AND IMPORTS HAVE MAINTAINED A FAIRLY CONSTANT TREND.

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

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THE PRICE SITUATION, APRIL 1934

FARM PRICES

Market prices indicate that the general level of farm prices is a little lower than a month ago. The trend of prices of farm products was upward from December to mid-March with a slight decline in late March. The index of farm prices on March 15 at 76 was 52 percent higher than a year earlier. Prices paid by farmers have at the same time risen 20 percent and the exchange value per unit of farm products has risen about 25 percent since March 1933. Wool, potatoes, grains, and cotton show the most marked recovery during the past year. Stocks of cotton, wheat, tobacco and some other crops have been materially reduced from their previous high levels. However, stocks of some livestock products are still relatively large. Since a year ago prices and farm income have risen more for crops than for livestock; this difference being due in part to smaller crops, whereas livestock supplies in 1933 were the largest in at least a decade. Depreciation of the dollar in foreign exchange after April 19, 1933 also had a more immediate and greater effect on increasing prices especially of crops which are exported and are consequently sensitive to foreign exchange rates. The outlook indicates that crop prices will continue high relative to livestock prices during the remainder of the present season, but that livestock prices are expected to increase relative to crop prices during the latter half of 1934.

The course of farm prices during the next few months and for the 1934 crop year depends largely upon the supplies available, business conditions, the buying power of consumers, and the trend of commodity prices in general. If business conditions should continue to improve and with a fairly normal growing season, farm prices are likely to continue their upward trend though at a slower rate than during the past year.

The cash income of farmers, excluding rental and benefit payments, for the first 2 months of 1934, exceeded the income for the corresponding 2 months of 1933 by 35 percent. Including rental and benefit payments, cash income in January and February was 50 percent higher than in the same months a year ago. No such phenomenal rate of increase as this is expected for the entire year of 1934 as both prices and marketings were at unusually low levels during the first 2 months of 1933, but this is indicative of the improvement which has occurred in farm income during the past year. The increased cash income of farmers in 1934 will be offset to some extent by higher prices for commodities purchased.

The general level of farm wage rates advanced a little more than usual from January 1 to April 1 this year in response to a slight downturn in the supply of workers available for hire and a sharp increase in the demand for their services. At 88 percent of its pre-war average, the index of farm wage rates on April 1 was 7 points higher than on January 1 and 16 points above

the level prevailing on April 1, 1933. Day wages without board ranged from 75 cents in South Carolina and Georgia to $2.40 in Massachusetts on the first of this month, and averaged $1.27 for the United States as a whole compared with $1.21 on January 1 and $1.05 a year ago. Although money wage rates for hired farm labor have increased 22 percent since a year ago, the index of prices of commodities bought for farm family maintenance has also increased 22 percent. This indicates that the "real wages" per hired farm worker are about the same as a year ago.

WHOLESALE PRICES

The upward trend of wholesale prices in the United States, England and Germany was checked, at least temporarily, in March and prices in France continued to decline. Wholesale prices in the United States declined slightly in the last 3 weeks of March and the first week of April. Although the decline in late March was fairly general, prices of chemicals and drugs, metals, and house furnishing goods increased a little. Prices of three groups of commodities are now a little lower than at the beginning of 1934; namely, hides and leather, fuel and lighting, and textiles. Prices of all other groups advanced in the first quarter of 1934.

The Bureau of Labor Statistics' index of wholesale prices for the first week in April was 107 percent of the 1910-1914 average compared with the recent high of 108 for the week ended March 10, and 88 for the first week in April 1933.

The weekly index of wholesale prices of 10 important import commodities was unchanged for the 5 weeks ended April 2, at 171 percent of the April 1-15, 1933 average and then rose to 173 on April 9. The comparable index of 10 important export prices declined from 147 on March 5 to 145 on April 2, and recovered to 147 on April 9.

Wholesale price levels are considerably above last year's low point in the countries of the British Empire, North and South America, Japan, Germany, Sweden and Denmark whereas prices in nearly all other European countries, China, Indo China, and the Dutch East Indies are at or near the lowest levels of the depression. Wholesale prices in England and Germany after advancing for several months declined somewhat in March whereas prices in Italy were practically unchanged. Preliminary data indicate that wholesale prices in France continued their slight downward trend to a point below the previous low of May 1933.

BUSINESS CONDITIONS

The advance in business activity which has been under way since November appears to have slackened somewhat in the latter half of March with some declines occurring in the automobile and iron and steel industries after allowance for seasonal changes. The general level of industrial production in March, however, was higher than in February and the up-trend of activity in these industries was resumed during the first half of April. Indications are that the up-trend in business activity may be expected to continue at least during the spring months as building activity has shown a marked increase after the decline in February, purchases of steel by railroads are increasing, retail sales have continued to improve and considerable in-

crease in public works projects is expected in the spring months. Improvement in employment and payrolls has accompanied the improvement in business since November. Wage increases in the steel and automobile industries and for Federal employees, in the past month have further increased the purchasing power of consumers.

The Federal Reserve Board's index of industrial production for February was 81 percent of the 1923-1925 average compared with 78 percent in January and 63 percent in February 1933. The most pronounced improvement in production from January to February occurred in the iron and steel and automobile industries, and in coal mining. Some recession occurred in the manufacture of food products and in the manufacture of lumber and tobacco. Indications are that production of iron and steel continued to make more than the usual seasonal increase in March. Automobile production made at least the usual seasonal increase and coal mining increased more than seasonally. Production of cotton textiles for March was the largest for that month since 1929. Trade reports indicate, however, that textile production exceeded sales during the month. Retail sales during March greatly exceeded the usual seasonal increase from February to March. The Federal Reserve Board's seasonally adjusted index of department store sales increased from 71 in February to 76 in March. Reports of retail sales by chain stores and mail order house sales also indicate more than the usual seasonal improvement from February to March.

The Federal Reserve Board's index of factory employment increased from 71.8 in January to 74.7 in February after allowance for the usual seasonal variation. Increases in payrolls were even more pronounced. The unadjusted index of the Federal Reserve Board increased from 52.9 in January to 59.2 in February. Indications point to further improvement in employment and payrolls during March. In New York State employment increased 2.6 percent from February to March and wage payments increased 3.8 percent after allowance for the usual seasonal changes. The settlement of the wage disputes in the automobile industry is a favorable factor in the labor situation. The 10 percent raise in wages in the automobile, steel and bituminous coal industries is increasing the purchasing power of a large number of employees in the heavy industries, where the decline in purchasing power has been greatest since 1929.

The daily average of construction contracts awarded during March, although below the levels of last December and January, was 50 percent higher than in February and three times as large as in March a year ago. Marked increases occurred from February to March in all lines of construction awards. Total contracts awarded in February were 45 percent of the 1923-1925 average according to the index of the Federal Reserve Board. Residential construction is still at unusually low levels, the seasonally adjusted index for February being only 13 percent of the 1923-1925 average. The index of all other construction contracted for was 72 percent, the relatively higher level of this type of construction being largely due to public works construction.

Some recession in business activity and foreign trade was apparent in many foreign countries during February and March. The Economist index of business activity in Great Britain declined slightly from January to February. In recent months the most marked improvement in activity in Great Britain has occurred in the heavy industries. Exports of manufactured goods in February however, were only slightly larger than a year earlier. Further declines in German export trade has been accompanied by increased restrictions on imports with embargoes on certain imports, including cotton, until

May 5. The official allotment of foreign exchange for the purchase of materials abroad also has been further reduced. In France, further recession in business activity has accompanied increased unrest regarding government expenditures and efforts to balance the budget. Business activity in Belgium, Holland, Italy, Yugoslavia and Poland failed to show improvement during February, and declines in some lines of industrial production were noted in several of these countries. The improvement in Canada has been well maintained with further increases occurring in mineral production. Business activity in Japan continues at a high level. However, raw silk prices have declined further and this decline was accompanied by some decline in Japan's import surplus in February. A sharp contraction in China's foreign trade occurred in February.

WHEAT

The main uncertainty in the outlook for wheat prices in the United States concerns the prospect for the relation between prices in this country and prices in the world markets. Chicago futures are still about 20 cents per bushel above Liverpool, but whether they will remain well above or decline relative to Liverpool depends both upon the outturn of the crop and upon the governmental policy which may be carried out in handling the 1934 crop. With a winter wheat crop officially forecast at 492,000,000 bushels, it is likely that the United States crop will provide a surplus for export in spite of the prospect for some further acreage reduction. The carry-over into the new crop year seems likely to be in the vicinity of 250,000,000 to 275,000,000 bushels. Although the European crop may be smaller than the exceptionally large harvest of last year, a larger production is to be expected in North America so that the Northern Hemisphere crop may not be greatly different from that of last year. With severe restrictions on importation still in force in the important European markets other than Great Britain, import demand for overseas wheat will continue to be restricted to a low level. Consequently, world wide conditions suggest only a moderate improvement in prices at which wheat can be disposed of by the exporting countries.

The United States average farm price as of March 15 was 70.9 cents per bushel compared with 72.0 cents a month previous and 34.5 cents as of mid-March last year. Market price changes since March indicate that the April 15 farm price will be a little lower than on March 15. Market prices showed comparatively little change during March and early April. Thus at Kansas City, No. 2 Hard Winter which averaged 81.7 cents for the first week of March averaged 81.5 cents for the first week of April. At Minneapolis, No. 1 Dark Northern Spring declined during the same period from 88.6 to 87.6 cents, and No. 2 Amber Durum from 105.0 to 102.4 cents. Prices of amber durum have been somewhat erratic as a result of short supplies. At St. Louis, No. 2 Red Winter declined from 89.4 cents for the week ended March 10 to an average of 86.7 cents for the week ended April 7.

Estimated April 1 stocks of wheat on farms are lower than for the corresponding date of any year since 1928. April 1 farm stocks this year are estimated at 140,647,000 bushels compared with 182,935,000 as of the corresponding date last year, and 88,057,000 in 1928. This year's stocks, however, are only slightly below those of 1931 which

were estimated at 118,772,000 bushels. The total of farm stocks plus commercial stocks (visible supplies) is also smaller than for any year since 1928, amounting this year to 211,779,000 bushels compared with 318,487,000 a year ago, and 156,848,000 in 1928. Though farm stocks are but little smaller than in 1931, commercial stocks are much smaller, amounting to 97,132,000 bushels this year compared with 213,583,000 in 1931. Consequently the 1931 total of farm stocks plus commercial stocks amount to 332,355,000 bushels compared with 211,779,000 for this year.

No official figures are as yet available for stocks in other positions, but using Murray's estimate of 74,000,000 bushels for country elevator and mill stocks, and a rough estimate of 100,000,000 bushels for stocks in merchant mills and in transit, we arrive at a figure of 386,000,000 bushels for total wheat stocks as of April 1, this year, compared with last year's total of 528,778,000, and an average for the past 3 years of 521,429,000 bushels. During each of the months April, May and June wheat milled for domestic consumption may amount to about 40,000,000 bushels monthly, making the total about 120,000,000 bushels. Subtracting this from the total April 1 stocks, as roughly estimated above, leaves 266,000,000 bushels as the amount available for export or for carry-over into the new crop year. This corresponds closely with a figure of 269,000,000 bushels arrived at by subtracting from total supplies for the crop year, net exports to April 1 and an allowance of 627,000,000 bushels for domestic use, including 480,000,000 for flour, 76,000,000 for seed and 71,000,000 bushels for feed. If net exports of wheat during the months April to June amount to no more than 10,000,000 bushels the total carry-over as of July 1 may be between 250,000,000 and 275,000,000 bushels.

During March, world shipments of wheat declined rather abruptly from a level early in the month of a little over 10,000,000 bushels weekly to only about 9,000,000 bushels in the last week of the month, and for the first week of April they amounted to only 8,119,000 bushels. The decline in shipments has been shared by each of the three most important sources, North American shipments declining from 3,920,000 bushels for the week of March 10 to 3,228,000 for the week of April 7, while for the same period Argentine shipments declined from 4,940,000 to 2,412,000, and Australian shipments from 2,030,000 to 1,332,000 bushels.

The surplus of wheat available for export or carry-over on April 1 in the four principal exporting countries, United States, Canada, Argentina and Australia, is estimated at 714,000,000 bushels compared with 854,000,000 bushels as of the corresponding date last year. Adding to these figures United Kingdom port stocks and quantities afloat gives a total of 763,000,000 bushels as of April 1 this year, compared with 916,000,000 a year earlier. Despite smaller takings by the importing countries this year than last, it is to be expected that the July 1 surplus of wheat for export or carry-over in the positions mentioned above will be well below the level of a year earlier.

The United States winter wheat crop is now officially forecast at 492,000,000 bushels, which is about 35,000,000 bushels smaller than the entire crop of winter and spring wheat harvested in 1933. As weather during the period April to July will be of prime importance in determining spring wheat yields, it is too early to forecast the spring wheat crop.

However, with an acreage for harvest as indicated by intentions-to-plant and if yields should be average, the outturn of spring wheat would be about 240,000,000 bushels. The above figures for winter and spring wheat production make no allowance for the effect on wheat acreage of the reopening of the wheat campaign or for further adjustments in acreage farmers may find necessary in compliance with wheat contracts.

In Europe, this year's crop seems likely to be smaller than last year's. In the lower Danube Basin dry weather has damaged late sown grain and early sown fields may have yields reduced even though the moisture has been sufficient for a favorable early development of the crop. In the remainder of Europe the condition of winter wheat appears to be generally good except in Italy and parts of Spain. Early season condition of the crop in the more humid parts of Europe, however, has not proven to be a good indication of subsequent yields and it does not seem likely that the high average yields of last year will be repeated this year. As is the case with spring wheat in the United States, Canadian yields are still to be determined, but it is to be expected that the crop will be much larger than that which resulted from last year's exceptionally low yields.

CORN

Remaining supplies of corn, while considerably smaller than last year, are almost as large as in the spring of 1932., and oats stocks are about one-quarter smaller than in 1932. The feeding demand in the next 6 months may be reduced as fewer hogs are likely to be fed. There will be a reduction of corn acreage in 1934 tending to counteract the smaller numbers of hogs. In the Central Corn Belt and at the principal markets corn prices are likely to remain fairly steady during the next few months as a result of the government corn loans unless new crop developments should be distinctly unfavorable. Elsewhere prices may be considerably influenced by the adequacy of local supplies of old crop corn and by new crop prospects.

The United States average farm price of corn as of March 15 was 47.1 cents per bushel, compared with 45.6 cents in February and 20.6 in March 1933. In the Corn Belt States price increases from February to March were very small or altogether lacking, while there were marked increases in most of the Southern States. Though the United States average farm price increased from February to March there was a slight decline in market prices of specific grades of corn at Chicago, Kansas City, Omaha, and St. Louis. At Chicago, No 3 Yellow declined from 48.1 cents per bushel for the week ended March 3 to 47.3 cents for the week ended April 7. During the same period No. 3 Yellow at Omaha declined from 41.3 to 40.6 cents per bushel.

Farm stocks of corn as of April 1 are officially estimated at 834,337,000 bushels compared with 1,123,809,000 a year earlier, and 913,666,000 as of the corresponding date of 1932. Commercial stocks however, are much larger than in either 1932 or in 1933, amounting to 66,314,000 bushels the first of April this year, compared with 36,151,000 a year ago and 22,693,000, 2 years ago. Combined farm and commercial stocks as of April 1 this year amounted to 900,651,000 bushels compared with 1,159,960,000 last year, 963,359,000 in 1932, and 647,253,000 in 1931. Since the first of March commercial stocks of corn have declined from 69,424,000 to 64,879,000 bushels as of April 7. The decline accompanied a comparatively low level of primary receipts.

Primary receipts amounted to 13,813,000 in March, compared with 14,427,000 bushels in the previous month. The March average for the past 5 years is 16,003,000 bushels. Wet-process grindings during March showed some improvement despite the usual decline from February to March. In March they amounted to 5,388,000 bushels compared with 4,526,000 in February and an average for March for the past 5 years of 5,894,000 bushels.

Out of total April 1 farm stocks of corn of 834,337,000 bushels, about 260,000,000 bushels were sealed under government loan. Most of the loans have been made in Iowa, Illinois, and Nebraska. These are States where large quantities of corn are grown for market. Minnesota is fourth in the list but far below the other States.

The following table gives comparisons of farm stocks for the above four States and for Missouri, Indiana, and Ohio.

State	Farm stocks Apr. 1					Farm supply Oct. 1, per-cent 1933 was of 1926-1932 average	Estimated amount of corn sealed for government loans Apr. 1
	1931	1932	1933	1934	Percent of 1927-1933 average		
	Million bushels	Million bushels	Million bushels	Million bushels	Per-cent	Per-cent	Million bushels
Ia.	138	130	243	203	131	119	124
Ill.	88	163	222	114	86	91	62
Nebr.	86	53	127	111	144	119	49
Mo.	26	62	79	48	90	97	2
Ind.	39	75	72	37	71	86	2
Ohio	23	58	40	31	83	95	1
Minn.	30	19	46	33	126	115	11
United States	625	914	1,124	834	101	96	241

It will be seen that in Iowa, Nebraska and Minnesota stocks of corn, while somewhat smaller than last year are larger than in either 1931 or 1932. In the other States shown, stocks on April 1 of this year were smaller than in either of the past 2 years. Generally speaking loans are large where stocks are large, but there is a tendency for loans to be large relative to stocks in the areas where corn is grown for market and where farm supplies for the season were unusually large.

To what extent corn loans have been obtained by farmers on corn which they intend to dispose of and to what extent corn which they expect to feed has been used as security for a loan which will be paid from the sales of livestock or other products is uncertain. Statements of loan inspectors indicate, however, that the borrowers wish to dispose of most of the corn they have pledged as collateral. It also seems apparent that in the States where corn loans are large, considerable quantities of corn remaining on farms are still to be marketed.

The fact that large amounts of corn are sealed as security for government loans may tend to reduce the amount of corn available for marketing between now and August. Loans have been made at the rate of 45 cents per bushel, but since the loan contract calls for shelling and delivery of the corn at a railway station, in case the loan is not repaid, farmers can afford to sell ear corn at a somewhat lower price rather than to forfeit their collateral on August 1. There were four States for which the March 15 average farm price was less than 40 cents per bushel - Iowa, Nebraska, Minnesota, and Colorado. In Illinois the average farm price was 42 cents per bushel, though there are of course many localities in that State where prices are considerably below the State average. Farmers will presumably be unwilling to close out the loans unless local prices rise to about the loan level. Where prices rise above the loan value there will, on the other hand, be a tendency to release corn for the market. This would tend to keep corn prices in the Central Corn Belt close to the loan value until August. In case of distinctly unfavorable prospects for the new crop, prices of corn in the Corn Belt are, of course, likely to show a marked advance. Similar results might follow if steps were taken to dispose of surplus corn abroad. In the absence of such unusual occurrences, however, users of corn will probably delay purchases as much as possible in the hope that larger market supplies will be available after the first part of August.

Outside the Corn Belt price movements will probably be more sensitive to the local adequacy of old crop supplies and to the new crop prospects. In some regions where old crop supplies are very short, there may be considerable further advance in prices before new crop supplies become available.

Corn prices in foreign countries have shown considerable improvement in the past few months, due mostly to the small Argentine crop. With corn now selling in Buenos Aires at only about 40 cents per bushel, however, there seems little prospect that the foreign market will provide active stimulus to United States corn prices in the near future.

POTATOES

Heavy shipments resulted in a sharp decline in potato prices in central markets during March followed by some recovery in early April. The early potato crop in Florida and shipments therefrom to date are larger than a year ago. Present prospects indicate that this year's potato crop for the country as a whole may be much larger than last years small crop. The intentions-to-plant reports indicate that as compared with 1933 much larger acreages will be planted in the early and intermediate states whereas about a 5 percent increase is in prospect in the late states. If these intentions are carried out and average yields are obtained, total production may amount to as much as 375,000,000 bushels in 1934.

Potato prices in New York declined from $2.71 per 100 pounds the last week of February to $2.13 the last week of March, then recovered slightly to $2.16 per 100 pounds the first week of April. The present price is considerably higher than the season low point reached last November of $1.65 and the average for a year ago of $1.16. At Chicago potato prices declined from $1.80 to $1.45 per 100 pounds during March, but recovered to $1.63 during the first week of April. The season's

low point reached in November was $1.13 while the average at Chicago a year ago was 73 cents per 100 pounds.

Shipping point prices followed much the same trend as market prices during March with those in Middle Western and Western States making much the greater recovery during the first week in April. At Presque Isle, Maine, Green Mountains f.o.b. prices declined from $2.00 to $1.40 per 100 pounds sack during March but recovered to $1.55 during the first week in April. At Rochester, New York, round whites declined from $1.95 to $1.55 during March where they remained during the first week in April. F.o.b. prices at Michigan points, Cadillac rate, declined from $1.75 to $1.35 during March but recovered to $1.55 per 100 pounds during the first week in April. Idaho russets at Idaho Falls declined from $1.25 to 90 cents per 100 pounds during the past month. There has been a slight strengthening of prices during the first week of April. The United States farm prices of potatoes continued to advance through March. It was 92.2 cents per bushel on March 15 compared with 87.7 cents on February 15, 68.8 on November 15, 1933 the present season's low point and 39 cents a year ago.

Shipments of old stock potatoes from the late states totaled 138,000 carloads through April 7, compared with 116,000 last season to April 8, and 140,000 the 1932-33 season total. The heavier shipments this season may be explained by the fact that the 1933 crop was short in those areas nearest the larger consuming centers and, consequently, the truck movement has been much lighter than in the previous season. Most of the storage supplies of old potatoes are now located in Maine, Minnesota, North Dakota, and the Far Western States. Weekly shipments through most of February and March averaged well above 5,000 cars per week, but have recently declined to about 4,000 cars per week.

Shipments of new potatoes from Florida have been heavier than those of a year ago, and are due to a larger crop being harvested. The acreage of early potatoes in Florida has been increased about 42 percent over the 1933 harvested acreage. F.o.b. prices at Hastings, Florida averaged about $2.30 per 100 pounds during the first week of April compared with $1.83 a year ago.

TOBACCO

With more than 80 percent of the 1933 tobacco crop marketed by farmers, prices of the types remaining to be sold declined seasonally during March and averaged lower than in February. However, the prices were far above the levels for the corresponding period of the past 2 years. Prices of the fire-cured types showed an increase during March. Tobacco exports from the United States showed an increase during February. The quantity of tobacco used in manufactures during February was smaller than in January but about 15 percent above February 1933.

According to State reports from Kentucky and Virginia, the following average prices prevailed for tobacco sold for growers in those States.

State and type		Mar. 1934	Mar. 1933	Mar. 1932	Feb. 1934
		Cents	Cents	Cents	Cents
Kentucky:					
Burley, type	31	9.2	7.2	7.7	11.1
Fire-cured, type	22	8.3	4.9	4.0	8.1
Fire-cured, type	23	6.1	4.2	2.5	5.7
Fire-cured, type	24	6.0	2.2	2.4	5.9
One Sucker, type	35	6.8	4.0		8.4
Green River, type	36	7.8	2.7	3.4	9.3
Virginia:					
Fire-cured, type	21	7.4	5.5	5.0	7.0
Sun-cured, type	37	8.6	4.6	5.5	10.1

Reports of the Commissioner of Internal Revenue indicate that the quantity of tobacco used in the manufacture of tobacco products was larger during February 1934 than February 1933 for all classes of products. The number of tax stamps issued for use on cigars increased 6.5 percent over February a year earlier, the number issued for cigarettes was 16.7 percent greater, the number issued for manufactured tobacco (smoking and chewing combined) was 14.9 percent greater, and the number for snuff was 24.6 percent greater. Exports of leaf tobacco from the United States totaled 27,600,000 pounds in February 1934, compared with 23,600,000 pounds a year earlier, and a 5-year average of 40,500,000 pounds. The principal classes showing increases this year over last year were flue-cured and Kentucky-Tennessee fire-cured tobacco, which together represented approximately 90 percent of the total exports.

HOGS

Hog prices declined moderately during March, and developed greater weakness in early April. Seasonal downturns in prices in the spring months, following a rise in the late winter, are usually to be expected because of increasing supplies of hogs for slaughter from early April to late May or June as the fall pig crop comes to market. The price decline this spring, however, started somewhat earlier than usual and appears to have been caused largely by factors other than the supply situation, since slaughter supplies during March were considerably smaller than those in February and were much below average.

Unusually large supplies of beef, the increased cost of hogs to packers as a result of the advance in the hog processing tax from $1.50 to $2.25 per 100 pounds live weight on March 1, further restrictions in the export outlets for pork and lard, and a tendency on the part of holders of storage stocks of hog products to move such stocks into domestic consumption as quickly as possible in order to insure inventory profits, appear to be the more important factors accounting for the recent weakness in the hog market. With a seasonal increase in hog slaughter in prospect for the

next 6 to 8 weeks, prices are likely to hold near recent low levels until late May or early June. Conditions in general, however, tend to favor the prospects for a greater than average price advance next summer.

After reaching $4.56 per 100 pounds in the week ended March 3, the weekly average of hog prices at Chicago declined gradually to slightly under $4.00 the week ended April 14. The March average for that market was $4.31, compared with $4.39 in February and $3.88 in March last year. If the hog processing tax of $2.25 per 100 pounds live weight is included, the cost of hogs slaughterers in March was well above $6.00 per 100 pounds, or more than 50 percent greater than the cost a year earlier.

Hog slaughter under Federal inspection in March totaling 3,039,000 head, was the smallest for the month since 1917, and was 11 percent smaller than that of February and about 16 percent less than in March last year. This decrease in slaughter together with that in February and October almost offsets the large increases in November and January and makes the total for the first half of the current hog marketing year only slightly larger than that of the corresponding period of the previous year. Because of the lighter average weights at which hogs were marketed this year, the total production of pork and lard during the 6 months was probably no larger than that of a year earlier.

The proportion of sows and gilts in the February slaughter was the largest in the 13 years for which records are available, and reports indicate that this proportion continued large in March. This increase in the marketings of female stock probably is largely the result of the Agricultural Adjustment program for corn and hog producers, although the unusually low hog-corn price ratio of recent months has been a contributing factor. Producers cooperating in the adjustment program must agree to reduce the number of litters of pigs farrowed in 1934 by 25 percent from the 1932-33 average. In order to comply with this contract producers in many cases apparently have sold a larger than usual number of sows and/or gilts for slaughter.

Purchases of hogs for government account were resumed in late March after being suspended in the early part of the month. Such purchases totaled approximately 135,000 head in March compared with about 280,000 head in February and about 430,000 in January. In early April these purchases were being continued in limited volume. In addition to the hog purchases at this time, awards were made by the Federal Surplus Relief Corporation on April 6, 1934 for the purchase of about 11,544,000 pounds of cured pork and about 2,500,000 pounds of lard. Since products from hogs slaughtered for government account and the hog products bought directly have been or will be distributed entirely for relief purposes, these purchases have been an important strengthening factor to the hog market during the winter months.

Corn prices were steady during March, and with declining hog prices the relationship between hog prices and corn prices became more unfavorable for hog feeding during the month. Based on farm prices as of the 15th of the month the hog-corn price ratio in the Corn Belt States was 9.7 in March, while in the corresponding month of 1933 it was 20.4. The unfavorable ratio during recent months has been reflected in lighter weights and lower quality of hogs marketed. Market reports also indicate that pigs from the 1933 fall pig crop recently have begun to appear in market receipts

in fairly large numbers. This earlier movement of fall pigs is also due chiefly to the lower than average hog-corn price ratio.

Wholesale prices of cured pork and of lard advanced somewhat during March. The rise in fresh pork prices, however, was limited to the first half of the month, and such prices weakened during late March and early April. The composite wholesale price of hog products at New York averaged $13.20 per 100 pounds in March compared with $12.45 in February and $10.30 in March last year. The rise in retail values was approximately the same as that in the wholesale trade. Consumer expenditures for hog products, as well as for other meats, during January and February were much larger than in those months last year, thus reflecting the material improvement in consumer demand in recent months.

The marked reduction in hog slaughter in March resulted in a greater than average seasonal decrease in storage holdings of pork during the month. Lard stocks also decreased whereas they usually increase slightly during March. Pork stocks on April 1, amounting to 657,000,000 pounds, were 10 percent smaller than those of a month earlier and 16 percent smaller than the 5-year average for that date, but were 8 percent larger than the stocks of April 1, 1933. Lard stocks continue much larger than average for this time of year, although showing a slight decrease from March 1. The total of 173,000,000 pounds on April 1 was 181 percent larger than that of a year earlier and 64 percent larger than the 5-year average for that date.

Exports of pork in February were somewhat larger than in January and they were nearly twice as large as in February last year. Lard exports on the other hand were reduced materially, both from the preceding month and from February 1933. Although exports of cured pork increased during the month, a large part of the February increase in total pork exports compared with a year earlier was due to the larger shipments of frozen pork to the United Kingdom. These exports have been relatively large since last October.

Lard exports in February totaled 37,111,000 pounds compared with 51,584,000 pounds in January and 58,347,000 pounds in February 1933. Except for last July, shipments of lard to Germany in February were the smallest for any month in the post-war years. Beginning with March 1934, monthly imports of lard into Germany are being limited to 40 percent of the average imports for the corresponding months of 1931-1933, and available figures indicate that lard imports by Germany from the United States during 1934 may not exceed 65,000,000 pounds against 126,000,000 in 1933. In the early post-war years, Germany purchased annually an average of approximately 250,000,000 pounds of lard from the United States.

Slaughter supplies of hogs during the summer months (May to September) of 1934 probably will be somewhat smaller than the usually large summer slaughter in 1933. The 1933 fall pig crop was about 3 percent smaller than that of 1932. In addition to this reduction in the pig crop it now appears likely that the marketings of fall pigs prior to May this year will be relatively large, and it is also probable that a much smaller number of hogs from the spring pig crop of the preceding year will be marketed after May 1. This is in marked contrast to the situation which prevailed last summer, when the market movement of fall pigs was no earlier than normal and the hold-over of spring pigs into the summer months was unusually large.

On the other hand this expected reduction in summer marketings of hogs from the 1933 pig crops may be offset to some extent by relatively large marketings of sows, the sale of which may be necessary in order for producers to comply with the 1934 corn-hog reduction contract. The present unfavorable hog-corn price ratio may also tend to discourage breeding operations for the 1934 fall farrow and thus result in liquidation of breeding stock during the summer.

CATTLE

Prices of nearly all grades of slaughter steers continued to advance during March and early April, but prices of other kinds of cattle were steady to lower. Slaughter supplies of both cattle and calves were unusually large during March, but the general improvement in consumer demand for meats, relatively small slaughter supplies of other livestock, and the end of the lenten season were important factors which tended to offset the effect of increased supplies on the cattle market. The rise in prices of steers was more pronounced for the better grades than for the lower grades, largely because of the declining proportion of the former in the slaughter supplies. Although total marketings of all cattle are likely to continue large during the summer months, both the number and proportion of well finished cattle probably will be reduced, since a material decrease in numbers of cattle now on feed is indicated. A further advance in prices of the better grades of slaughter cattle, therefore, appears probable, and if consumer buying power continues to improve prices of all cattle probably will strengthen to some extent.

At the beginning of April the level of cattle prices was higher than at any time since last July. The average price of all grades of slaughter steers at Chicago in March was $5.91 compared with $5.49 in February and $5.04 in March 1933. Prices of all grades of steers except the common grade advanced during March. The increases in prices from February amounted to 57 cents for the choice and prime grade, 60 cents for the good grade, and 17 cents for the medium grade. The average price of common grade steers in March was 7 cents lower than in February. The spread between the prices of lower and higher grades of cattle has widened materially during recent weeks. In early April the spread between the price of common grade steers and choice and prime grade steers at Chicago was about $2.60 compared with $2.00 a month earlier and $1.58 a year earlier. As a proportion of better grades of cattle in the slaughter supplies decreases, it is probable that this spread will continue to widen. Prices of cows and heifers were about steady during March, but prices of calves declined somewhat. Stocker and feeder cattle prices also were about steady during the month.

Inspected slaughter of cattle in March totaling 771,000 head was the largest for the month since 1926 and was the third largest for March on record. The increase in slaughter amounted to 25 percent compared with March 1933 and 23 percent compared with the 5-year March average. Calf slaughter under Federal inspection during March amounting to about 534,000 head was the largest for any month on record, and it was 34 percent larger than in March last year. Although the proportion of well finished cattle in the slaughter supply was somewhat smaller during March than in other recent months, it continued relatively large. The combined total of choice and prime and good grades of steers received at Chicago was the smallest since last September, but it was the second largest for the month in the 13 years for which records are available.

During the first 3 months of 1934 inspected cattle slaughter totaling 2,335,000 head was the largest for the 3-month period since 1919 and was the third largest on record for the period. Slaughter for these months was 30 percent larger than that of last year and 25 percent greater than the 5-year January to March average. Inspected slaughter of calves from January to March 1934 amounting to 1,442,000 head was the largest for the period on record. In every month since May 1933 the slaughter of both cattle and calves has exceeded that of the corresponding month a year earlier. This increase in slaughter supplies is largely a reflection of the upward trend in cattle numbers which has been in evidence since 1928.

The estimated number of cattle on feed in the 11 Corn Belt States on April 1, 1934 was 12 percent less than the number on feed on the same date in 1933. As compared with April 1, 1932, however, the number on feed this year showed some increase. Decreases from last year were reported in all of the Corn Belt States except Nebraska, where no change was indicated. The smaller number of cattle on feed this year is to a considerable extent a reflection of the greatly reduced available supplies of corn and the relatively high corn prices compared with cattle prices. Inspected shipments of stocker and feeder cattle through public stockyards into the Corn Belt from July 1933 to March 1934 were 11 percent less than in the corresponding months a year earlier. For the period from January to March 1934 such shipments were 14 percent smaller than a year ago. Reports from feeders as to their marketing plans for cattle on feed on April 1 this year showed about the same proportion to be marketed prior to August 1 as was reported last year. If these plans are carried out the decrease in fed cattle marketings will be distributed fairly evenly over the summer and fall seasons.

BUTTER

Butter production is decidedly less than a year ago, while the movement into consuming channels, including the distribution of government butter for relief purposes, is decidedly larger. Storage stocks are near the seasonal low point for the year, and about the same as the 5-year average. Consumer expenditures for butter (excluding relief butter) in February were 18 percent larger than in February 1933. With employment and payrolls decidedly higher than a year ago, it seems probable that consumer demand during the early part of the summer, at least, will be greater than last year. Because of the narrow margin between butter prices during the into-and out-of-storage period of the 1933-34 storage season, it seems probable that the storage and speculative demand during the coming season of heavy production will be less than last summer. With the stability in the gold value of the dollar this year it seems probable that there will be a more normal seasonal decline in prices between March and mid-summer than last year, when prices rose instead of making the usual seasonal decline.

Creamery butter production in February was estimated to be 12.6 percent less than in the preceding February and the smallest for the month since 1930. Production in February was estimated to be 5.3 percent less than in January, about the same as the usual seasonal decline. February production was greater than a year earlier in the Middle Atlantic and Pacific Coast States. In the East North Central and West North Central States production was 18 percent and 11 percent respectively less than a year earlier. Weekly reports of butter production in the mid-west indicated that production in March was decidedly less than a year earlier, although the percentage decline from the same month of the preceding year was not as great as in February.

The price of 92 score butter at New York in March averaged 25.4 cents per pound the same as in February, and 7.2 cents or about 40 percent higher than a year earlier. The rise in prices which started in late December reached a peak of 27.2 cents for the week ended March 10. For the first week in April the price averaged 23.6 cents.

The farm price of butterfat rose 1.9 cents from mid-February to mid-March. The price in March of 25.5 cents was 8.4 cents higher than a year earlier and the highest since December 1931. Farm prices of feed grains were about the same in the middle of March as a month earlier. In March the farm price of butterfat in relation to feed grains was the highest since last October, but still decidedly below the 1925 to 1929 average.

Trade output of butter in February was 145,476,000 pounds or 13.7 percent larger than in February 1933. This is in contrast to the 12.6 percent decline in production. Government distribution of butter for relief in February amounted to about 23,103,000 pounds. If this is deducted from the total trade output, the trade output through regular commercial channels was 122,373,000 pounds or 4.4 percent less than in February 1933. Retail prices of butter in February, however, were decidedly higher than a year earlier, so that estimated consumer expenditures for butter were 18 percent larger than in February 1933. This was the largest increase over the same month of the preceding year since the bottom of the depression was reached.

Cold storage holdings of creamery butter on April 1 of 15,352,000 pounds were about 6,000,000 pounds less than a year earlier, but about the same as the 5-year average for April 1. The net out-of-storage movement in March of 21,501,000 pounds was by far the largest for the month on record. There was relatively little distribution of government butter in March.

The price of 92 score butter at New York during the into-storage period of 1933 averaged 23.0 cents, compared with 22.9 cents during the out-of-storage season. Without the government purchases for relief, prices during the out-of-storage season would, no doubt, have averaged considerably lower. This experience during the past season will probably result in a smaller proportion of the production during the months May to August being put into storage than last year.

CHEESE

Cheese production in February was estimated to be somewhat less than a year earlier, but trade output was larger. Cheese prices reached a peak in early March, but declined seasonally during late March and early April. The changes in retail prices and trade output indicate that consumer expenditures for cheese in February were greater than a year earlier. Storage stocks have declined but are still about 5 percent above the 5-year average. With the probability of less speculative and storage demand this year than last, it seems probable that there will be the usual seasonal decline from late winter to mid-summer.

Cheese production in February of 28,962,000 pounds was 2.9 percent less than a year earlier and the lowest for the month since 1929. February production was only slightly larger than January. Ordinarily there is relatively little change in production from January to February. Production of American cheese in Wisconsin in February was 8 percent less than a year earlier, but production in New York, and the Pacific Coast States was larger than a year earlier.

The price of cheese (twins) on the Wisconsin Cheese Exchange reached a high of 13.5 cents in early March, the highest since October 1931. The price in March averaged 13.2 cents per pound, 0.6 cents higher than in February and 4.9 cents or 59 percent higher than a year earlier.

Trade output of cheese in February was 44,400,000 pounds or 8.6 percent more than in February 1933, and the highest on record for the month. Retail prices of cheese in February were 11 percent higher than in February 1933. The change in trade output and retail prices indicated that consumer expenditures for cheese in February were 20 percent larger than in February 1933. This was only the third month in over 3 years in which consumer expenditures exceeded those in the same month of the preceding year.

Cold storage holdings of American cheese on April 1, of about 50,000,000 pounds were 8,000,000 pounds larger than on April 1, 1933 and about 5,000,000 pounds larger than the 5-year average.

Imports of cheese in February continued relatively low but were 10 percent larger than in February 1933.

EGGS AND CHICKENS

Egg prices declined slightly from February to March, as is usual at this time of the year. No marked change in price is likely during the rest of the spring. Egg prices are above those of last year and also above the 1931-1933 average despite heavier receipts. Other factors contributing to higher egg prices this year are the higher general price level, a higher level of consumption, and lower storage holdings than a year ago. Chicken prices continued to rise seasonably with lighter receipts than last year but heavier storage stocks. Chicken prices usually rise until April or May and then decline through the rest of the year.

The price of special packed mid-western eggs at New York averaged 20.4 cents in March, 4.8 cents above the price a year before. The farm price of eggs of 14.4 cents on March 15 was 4.3 cents above that of a year before. The farm price of chickens advanced from 10.2 cents on February 15 to 10.7 cents on March 15 and was 1.6 cents above the price of March 15, 1933.

Receipts of eggs at the four markets in March were 1,749,000 cases, compared with 1,566,000 cases in March 1933 and the 5-year March average of 1,722,000 cases. Hatchery reports indicate 14.5 percent fewer chicks hatched in February 1934 than in February 1933 and that there were 5 percent fewer eggs set.

Cold storage stocks of eggs on April 1 were 1,207,000 cases compared with 1,833,000 cases a year before and a 5-year average of 1,443,000 cases. While the into-storage season continues for several months, yet this points to the likelihood of smaller storage supplies for next fall and winter.

Consumption of eggs, as judged by the apparent trade output at the four markets, is relatively high, about 25 percent greater in March 1934 than in March 1933.

Receipts of dressed poultry at the four markets in March were 15,500,000 pounds compared with 17,500,000 pounds a year before and a 5-year average of 17,900,000 pounds. Storage stocks of frozen poultry, however,

are large, 74,201,000 pounds on April 1 compared with 67,300,000 pounds a year before and a 5-year average of 77,300,000 pounds.

LAMBS

The upswing in lamb prices which started last November was checked during the week ended March 3, after the top and weekly average at Chicago had reached the highest levels in almost 4 years. Prices declined around 50 to 60 cents during the week ended March 10 and held fairly steady during the remainder of the month and the first 2 weeks of April. Although available supplies of fed lambs for the remainder of the season are indicated to be somewhat smaller than those of recent years the reduction may be offset to a considerable extent by larger marketings of new-crop lambs from California and Arizona. Lamb prices during the next 2 months, therefore, probably will fluctuate around present levels.

The rise in prices of fed-wooled lambs which carried the weekly average at Chicago from $6.34 in early November to $9.63 at the beginning of March was followed by sharp reactions that forced the average down to the $9.00 level. Prices fluctuated around this level during most of March and early April because advances attracted increased offerings and distributors found it difficult to move the dressed product into consumption at the higher levels in view of the stiff competition from unusually large supplies of beef. The March average for good and choice slaughter lambs at Chicago was $9.04 compared with $9.37 in February and $5.55 in March last year. Prices of good and choice lightweight slaughter ewes averaged $5.11 compared with $4.83 in February and $2.73 in March of the previous year. The March 15 farm price of lambs was $6.79 compared with $6.55 on February 15, and $4.27 on March 15 last year.

Slaughter of sheep and lambs under Federal inspection in March totaled 1,242,450 head. This was 7 percent more than in February but 12 percent less than in March last year and 5 percent less than the 5-year March average. Total federally inspected slaughter during the first 3 months of this year was 4.7 percent less than that of the first quarter last year.

Fairly large supplies of new-crop lambs from California and the southwest reached market during the latter part of March and it was reported that California lambs have been contracted in large numbers for delivery during late April and early May. The early movement of new-crop lambs this spring is somewhat different from that of last year when the movement was late and a gap developed for a short time between the marketing of fed lambs and new-crop lambs.

Severe winter conditions in the southeastern early lamb States, comprising Kentucky, Tennessee and Virginia, may cause shipments from those States to be somewhat later than usual. Range and feed conditions in Texas are still very poor, hence the movement of fat lambs and aged sheep from that State this spring is expected to be less than average.

WOOL

The domestic wool market was very quiet during March and early April, and the continued small volume of trading has been accompanied by some irregularity in prices. Although most of the remaining supplies of last year's clip on the Boston market are still held at nominal quotations fully up to the maximum levels of the last 2 months, such sales as have recently been effected

have been mostly at slightly lower prices. Trading in new clip wool in the Western States is slow, and bids have been lowered slightly. The present selling season is about over in foreign primary markets and available supplies are small. Foreign prices have been fairly well maintained on such wool as is available. The carry-over of old clip of domestic wool is believed to be relatively small and present indications point to a reduction in the clip for 1934. Consumption of combing and clothing wool by United States manufacturers in February showed little change from that in January, but it was lower than in February last year. With the spring season practically over and advance business on fall lines reported to be slow, the manufacturing position at present is somewhat uncertain.

Quotations for fine (64s, 70s, 80s) strictly combing territory wool at Boston averaged 87 cents a pound scoured basis for the week ended April 7, having shown no change since the middle of January. The price of this wool in the first week of April 1933 was 45.5 cents a pound. Territory 3/8 blood (56s) also remained unchanged during March and for the week ended April 7, was 81.5 cents a pound scoured basis compared with 39.5 cents a pound in the corresponding week of April 1933. The United States average farm price of wool was 26.9 cents a pound on March 15 compared with 25.4 cents a pound on February 15 and 8.9 cents on March 15, 1933.

Consumption of combing and clothing wool by United States manufacturers reporting to the Bureau of the Census in February was slightly smaller than in January and was 15 percent smaller than in February 1933. The index of consumption of such wool, on a grease basis, adjusted for seasonal variation was 71 (1923-1929 = 100) in February compared with 70 in January and 83 in February 1933. Consumption of carpet wool in the first 2 months of 1934 was more than twice as large as in the first 2 months of 1933. Imports of combing and clothing wool for consumption in the first 2 months of 1934 were 6,340,000 pounds and imports of carpet wool were 15,606,000 pounds. Imports for consumption were not reported by months in 1933, but general imports, minus reexports for these months show net imports of 1,073,000 pounds of combing and clothing wool and 8,769,000 pounds of carpet wool.

Present prospects indicate that the 1934 wool clip in the United States will not be greatly different from that of 1932, and somewhat smaller than that of last year. The condition of ranges during the wool growing period has been slightly better than was the case 2 years ago, but much below the condition last season, the same being true of the condition of sheep. The mild winter this year in many of the Western Range States, however, may result in lighter losses than usual. On the other hand, heavier than usual fall shearing in 1933 probably will tend to reduce the production of wool per sheep in 1934. The number of stock sheep on January 1, 1934, was slightly larger than a year earlier but about 1 percent less than on January 1, 1932.

COTTON

Domestic cotton prices continued to fluctuate within a rather narrow range during the past 5 weeks, the average of the middling 7/8 inch cotton in the 10 designated markets fluctuating between 11.87 and 12.28 cents per pound. This makes about 2 months that cotton prices have fluctuated within about this same range. It is not uncommon for cotton prices to remain fairly steady at

about this time of the year, as the size of the current season's crop of American cotton and also that of most important foreign countries is rather definitely known by this time and little definite information is available on the probable size of the coming season's crops. Total domestic cotton consumption during March amounted to 544,000 running bales, which was the largest for the month since 1929. Trade reports indicate, however, that sales during the month did not keep pace with production. Foreign cotton textile mill activity apparently remained about unchanged in some countries with slight declines in others. Fertilizer tax tag sales in six cotton producing states from December 1 to March 31 totaled about 1,442,000 short tons which was 85 percent larger than a year earlier, but 38 percent smaller than the average for the same period in the 3 years ended 1930.

On April 13, the average price of middling 7/8 inch cotton in the 10 designated markets was 11.87 cents per pound. On the 13th of March the price in these markets averaged 12.24 cents and for the month of April 1933 averaged 6.84 cents. During the 5 weeks ended April 13, the average price of middling 7/8 inch cotton in the 10 markets fluctuated between 11.87 and 12.28 cents and during the previous 3 weeks between 11.88 and 12.30 cents. With the exception of the last 2 months the average price in the 10 designated markets has not been as high as 12.00 cents since the first few days of the 1930-31 season. The average United States farm price as of March 15 was 11.7 cents, the same as a month earlier, but about 92 percent higher than on March 15 last year.

The total domestic consumption of all cotton in March amounted to 544,000 running bales, according to the Bureau of the Census compared with 495,000 bales in March last year and was the largest for the month since 1929. The total consumption for the first 8 months of the season amounted to 3,945,000 bales, an increase of 197,000 bales over the like period last season and was larger than in the corresponding period of any season since 1929-30. Total consumption of American cotton in the United States this season up to the end of March amounted to 3,841,000 bales and consumption of foreign cotton amounted to 103,000 bales compared with the 3,667,000 bales of American and 82,000 bales of foreign consumed in the like period of last season.

Trade reports indicate that sales of cotton goods by domestic manufacturers during March were probably somewhat lower than production resulting in a further reduction in the quantity of unfilled orders on hand. Shipments were said to have been probably equal to production with little or no increase in the stocks of goods on hand. In Japan mill activity has been maintained at almost record levels and sales are said to have been about equal to production. In Great Britain and in some parts of Continental Europe sales of cotton textiles have for several weeks probably averaged below output and as a result activity has been reduced somewhat. The German mills have, according to trade reports, been selling somewhat larger quantities of cotton goods than they have produced for the past several weeks, with some tendency for activity to increase as a result.

Sales of fertilizer tax tags in six of the cotton producing states during March represented 862,000 short tons, according to the data released by the New York Cotton Exchange Service. While these sales were 65 percent larger than sales in March last year and 115 percent larger than in March 1932, they were 37 percent less than the average for the 3 years, 1928 to 1930. For the 4 months December through March total tag sales in these six states represented 1,442,000 short tons, compared with a total of 779,000 tons in the same period a year earlier, but were 38 percent less than the average for the 3 years ended 1930.

Business statistics relating to domestic demand

Year and month	Industrial production	Factory payrolls	Factory employment 1/	Commodity prices: United States: Prices paid farmers 2/	Commodity prices: United States: Wholesale 3/ 1910-1914 = 100	Commodity prices: United States: Wholesale 3/ 1926 = 100	Commodity prices: Foreign 4/: In foreign currency	Commodity prices: Foreign 4/: In dollars	Interest rates 5/	Industrial stock prices 6/
	1923-1925 = 100						1926 = 100			
1929										
July	124	109	102	140	141	96	94	96	6.00	344
Oct.	118	106	100	140	139	95	94	96	6.19	321
1930										
Jan.	106	97	94	134	135	92	90	92	4.94	252
Apr.	104	95	92	127	131	90	86	88	3.88	288
July	93	85	86	111	123	84	83	84	3.16	232
Oct.	88	78	83	106	121	83	80	81	2.92	196
1931										
Jan.	83	70	78	94	114	78	76	77	2.85	168
Apr.	88	72	78	91	109	75	76	76	2.38	162
July	82	67	75	79	105	72	74	73	2.00	143
Oct.	73	58	70	68	103	70	72	66	3.50	102
1932										
Jan.	71	54	67	63	98	67	71	60	3.88	79
Apr.	64	48	64	59	96	66	69	60	3.73	63
July	58	41	58	57	94	64	67	56	2.54	46
Oct.	66	42	61	56	94	64	68	55	2.07	64
1933										
Jan.	65	40	59	51	89	61	68	54	1.44	62
Feb.	64	39	59	49	87	60	67	54	1.25	56
Mar.	60	36	57	50	88	60	66	54	3.30	58
Apr.	67	38	58	53	88	60	66	55	2.60	65
May	77	42	61	62	92	63	67	62	2.09	82
June	91	46	65	64	95	65	68	66	1.91	94
July	100	52	70	76	101	69	68	75	1.75	100
Aug.	91	56	73	72	102	70	68	73	1.75	98
Sept.	84	58	74	70	103	71	69	78	1.53	100
Oct.	77	56	74	70	104	71	69	78	1.50	93
Nov.	73	53	72	71	104	71	69	85	1.50	96
Dec.	75	52	72	68	103	71	68	84	1.50	99
1934										
Jan.	78	54	72	70	105	72	69	84	1.50	103
Feb.	81	58	75	76	107	74	69	86	1.50	107
Mar.				76					1.26	102

1/ Federal Reserve Board indexes, adjusted for seasonal variation.
2/ United States Department of Agriculture, August 1909-July 1914 = 100.
3/ Bureau of Labor Statistics index.
4/ Weighted average of index for eight foreign countries -United Kingdom, Canada, Japan, France, Italy, Germany, China and the Netherlands.
5/ The Annalist. Average of daily rates on commercial paper in New York City.
6/ Dow-Jones index is based on daily average closing prices of 30 stocks.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
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THE PRICE SITUATION, MAY 1934

FARM PRICES

The general level of farm prices appears to be about the same as in mid-April. Prices of hogs, cotton and potatoes are lower than a month ago whereas prices of cattle, dairy products and lambs have increased.

The drought, coupled with dust storms, over an extensive area in the Middle Western States, is the outstanding situation affecting prices of farm products in recent weeks. According to the report as of May 1 by the Crop Reporting Board, the crop situation continues abnormal and prospects are very uncertain because of inadequate rainfall and a general lack of sub-soil moisture in the North Central and Western group of States which ordinarily have two-thirds of the total crop acreage. Scattered areas have had enough rain for current needs but in the area as a whole crop prospects have declined materially in recent weeks. Hay crops and pastures have had a poor start and their condition on May 1, as reported by the crop correspondents, was substantially lower than on the same date in any of the past 50 years. The shortage of pasture is particularly serious in areas that were effected by drought last season and which are now suffering from an acute lack of feed for all livestock. According to the Weather Bureau, only limited areas in the interior valleys, the central plains and the northwest, secured rains during the first week of May and in most of these areas the rainfall was insufficient to permanently relieve the situation. The general drought situation has been greatly intensified by May 12, but good rains fell on May 13 and 14 in most of the drought area, except in Minnesota, North Dakota, South Dakota and most of Nebraska.

The estimated cash income from the sale of farm products in March 1934 was $408,000,000 compared with $275,000,000 in March 1933. Adding the benefit and rental payments in March brought the total cash income of farmers to $417,000,000. After adjusting for the difference in the length of the month and for seasonal factors, income increased from February to March. The income from the sales of farm products in March was estimated at 57 percent of the average for the corresponding months in the period 1924-1929, compared with 55 percent in February. In the first 3 months of the year the cash income from sales of farm products is estimated at $1,215,000,000 or 39 percent greater than in the first 3 months of 1933. Adding the rental and benefit payments increased the income to $1,312,000,000, which is 50 percent greater than in the same months a year ago, when both marketings and prices were unusually low. In recent months the marketings of livestock products in particular have been large, with some improvement in prices.

Although the cash farm income for the first 3 months of this year was 50 percent above the low level of a year earlier, prices farmers pay have, at the same time, increased 18 percent. Consequently, the increase in the buying power of farmers amounted to about 28 percent.

The general level of farm prices in mid-April was 74 percent of the pre-war average compared with 76 in March and 53 in April 1933. The level of prices paid by farmers is now about 120 percent of the 1914 level compared with 101 in April 1933. The exchange value of farm products for commodities bought by farmers at 62 in mid-April was 19 percent higher than a year earlier.

WHOLESALE PRICES

The general level of wholesale prices in the United States has been practically unchanged for the last 6 weeks. The Bureau of Labor Statistics index for the first week in May was equal to 107 percent of the 1910-1914 average. Lower prices for farm products and textiles in April were offset by higher prices for foods, fuel and lighting products, metals, building materials, and house-furnishing goods.

Wholesale prices, in March, in the currencies of the eight foreign countries, which normally take about 75 percent of our agricultural exports, were 69 percent of the 1926 average, and have fluctuated within a range of less than 1 percent from September 1933 - March 1934.

Wholesale prices in March to early April were practically unchanged in Canada, Germany, and Italy, whereas prices declined a little in England. Prices in France have increased slightly from the low point in March and prices in Japan recovered a little in February.

The index of 10 selected import commodities on May 7 was 165 (6 weeks ended April 10, 1933 = 100); having fluctuated within a narrow range of 2 points since March 5. The index of 10 imports and of 9 imports were both 103 in April last year, whereas in April 1934 the latter (excluding rubber) was 14 points lower than the former. The indexes of 10 selected exports on May 7 was 150, having fluctuated within a range of 2 points since February 12. 1/

BUSINESS CONDITIONS

Industrial activity continued its upward trend during April with increases in the production of iron and steel, and boots and shoes more than offsetting the curtailment in coal mining and the declines in building activity and freight carloadings and in the production of some of the minor industries. Production of automobiles and electric power during April made slightly more than the usual seasonal increase. Activity in cotton textiles in April was little changed from that of March. Department store sales slackened slightly after Easter, when allowance is made for the usual seasonal adjustment. The Federal Reserve board's index of department store sales in April was 76 compared with 77 in March. Building activity as measured by contracts awarded declined instead of making the usual seasonal increase

1/ The weekly indexes of prices of selected imports and exports (raw materials) referred to in the March and April issues have been revised. The base period is slightly changed, from April 1-15, 1933 to the 6 weeks ended April 10, 1933. A simple geometric average has been substituted for the simple arithmetic average and hams have replaced tobacco in the export index because of the lack of a satisfactory series of weekly wholesale prices for tobacco. Because of the sharp rise in rubber prices relative to prices of other imports since May 1933 an index has also been computed for 9 imports, excluding rubber.

from March to April and continued at low levels with over half of the total contracts awarded being carried by public financing. Indications are that employment and payrolls made more than the usual seasonal increase from March to April.

The Federal Reserve Board's index of industrial production increased from 81 in February to 84 in March. The index of contracts awarded, after adjustment for seasonal variation, declined from 44 in February to 33 in March. Factory employment increased from 74.7 to 76.9 after allowance for the usual seasonal change and factory payrolls, without seasonal adjustment, increased from 59.2 to 63.3 percent of the 1923-1925 average.

While industrial activity in April continued the upward trend of the past 5 months it is difficult to foresee at the present time the future course of business. The marked increase in iron and steel activity during April and early May is partly the result of building up of inventories preceding announced price advances in several steel products for deliveries after July 1. Automobile production during the first week of May declined sharply from the peak reached the last week in April and there is some indication that the recent advance in automobile prices has had an unfavorable effect on prospective buyers. The decline in carloadings in the past month is largely in response to the sharp decline in the movement of coal after the unusually severe winter weather. The severe drought over large areas in the Plains States has sharply curtailed retail trade in that area. The unusually low level of building contracts awarded during April does not indicate any marked improvement in building activity in the immediate future. Stock prices have declined sharply during the past month despite the improvement in industrial activity and in some commodity prices. But these unfavorable factors in the present business situation may be offset by continued general increases in factory employment and payrolls, and some improvement in the wholesale commodity price level.

Business activity abroad has continued to show improvement in recent weeks. In the United Kingdom, business activity in March equaled the average level of 1929. In spite of this, however, considerable unemployment remains in England, especially in the heavy industries. In March, unemployment amounted to 17.3 percent of those engaged in trade unions or of those officially registered. In Canada, the expansion of economic activity was well maintained during March and unemployment has continued to decline with nearly all lines of production showing some increase. Canadian foreign trade has increased sharply. The value of exports in March 1934 were 57 percent above March a year ago and imports were 44 percent higher. In Germany, industrial production has increased under the stimulus of the government's employment schemes. There was a substantial increase in exports of manufactures from Germany in March and foreign trade returns for the month showed a small export surplus. Business activity remains at low levels in Belgium, Holland, France, and Poland. There has been some improvement in France, however, following measures taken by the government to balance the budget.

WHEAT

Weather conditions to date indicate spring wheat yields as likely to be below average, and the total wheat crop in the United States may be only about equal to domestic requirements. Should the crop turn out to be only equal to domestic requirements world prices would be strengthened to some extent and prices in the United States probably would continue above an export basis through most, if not all,

of the forthcoming marketing season. Stocks of old wheat on hand, however, are still large enough to provide an exportable surplus. Marketing of new wheat, together with this large carry-over, may possibly tend to depress prices closer to the world market basis, especially if conditions in the Spring Wheat Belt should improve materially. The outturn of Canadian and European crops is, of course, still uncertain, with present prospects indicating a reduction in total supply which is likely to strengthen world markets to some extent.

The average farm price of wheat as of mid-April was about 69 cents compared with about 45 cents a year earlier. Despite the decline in market prices the average price for the month may be equal to or above the average for April. By the 10th of May the decline in Chicago futures had been more than recovered, but this has been partly lost between the 10th and the 15th. The marked decline in wheat prices in April was due in large part to the liquidation of large open interest holdings of both corn and wheat, but these excessive holdings have been liquidated and the futures market is in a much stronger position than a month ago. Strength in the wheat market the past few days has been due primarily to droughty conditions, indicating a short crop in the United States, accompanied by strength in foreign markets. Liverpool prices declined moderately in sympathy with the decline in the United States, but the loss there has also been recovered.

Conditions in the United States now indicate a new wheat crop considerably less than seemed probable a month ago, but still possibly larger than a year ago. Conditions as of May 1 indicated a winter wheat crop of about 461,000,000 bushels, a decline of 31,000,000 in April. Continued dry weather may further reduce the winter wheat crop. Since a large part of the crop is now practically made and not subject to drought, it does not seem likely that it will be reduced to the level of 351,000,000 bushels harvested last year. Since precipitation in the fall and in the spring months is of some importance in determining the spring wheat crop, it is now apparent that the yields of spring wheat will probably be less than average. Rainfall in North Dakota and South Dakota was less than half of normal in September and October. The rainfall of Montana and the Dakotas was only about half of normal in April. In the first 10 days of May rainfall was negligible excepting in South Dakota where it was about normal. With average conditions during the remainder of the spring wheat growing season the crop is not likely to amount to more than 200,000,000 bushels. Adding together the winter and spring wheat, average conditions for the remainder of the season probably would produce a little over 600,000,000 bushels, as compared with 527,000,000 bushels harvested last season.

Final yields will depend largely upon weather conditions during June and July. Normally rainfall increases during late spring, and June is the month of heaviest rainfall in the Northern Great Plains Area. The poor moisture conditions to date in the spring wheat area are especially significant in that further unfavorable conditions during the remainder of May and the 2 following months might result in one of the smallest spring wheat crops on record.

Even though the spring wheat crop should be reduced by one-half, however, it does not seem likely that the total wheat crop of the United States will be as small as that of last year. If spring wheat production should be only 120,000,000 bushels and the winter wheat crop 20,000,000 short of

that now forecast, the total crop would be about 560,000,000 bushels compared with 527,000,000 harvested last year and probable domestic utilization of about 625,000,000 bushels. There were some rains in the Winter Wheat Belt during the first 10 days of May, but rain is badly needed in some regions.

With a July 1 carry-over of between 250,000,000 and 275,000,000 bushels still in prospect, ample supplies of wheat for domestic use are assured. However, the weather conditions of the past month have served to reduce the likelihood that wheat prices east of the Rockies will fall to an export basis. If the total crop should amount to between 600,000,000 and 675,000,000 bushels the carry-over may be further reduced without any material exports.

Weather conditions during the past month have been unfavorable in Canada and the lower Danube Basin as well as in the United States, and in northern and western Europe it still seems likely that the crop will be smaller than the exceptionally large one harvested last year. The carry-over in the four principal exporting countries is expected to be under that of last year by at least 100,000,000 bushels. Consequently, a moderate strengthening in world prices seems likely next season unless crops in the Southern Hemisphere should be large.

A reduction of about 9 percent is indicated in the 1934 wheat area of Canada. Thirty-nine percent of the small fall sown area has been abandoned leaving 385,000 acres for harvest, and if farmers carry out their intentions-to-plant 23,319,000 acres of spring wheat, the total 1934 wheat area will be 23,704,000 acres compared with 25,991,000 acres in 1933 and 27,182,000 acres in 1932. In the Prairie Provinces precipitation during the fall was about normal, and consequently sub-soil moisture supplies at the time of planting were good. However, April rainfall in Saskatchewan was much below normal and that of Manitoba a little below. Somewhat better than average rains in Alberta do not appear sufficient to counteract the unfavorable situation in the other two provinces, so that present prospects are for somewhat less than average yields unless weather conditions during the next 3 months should be more favorable than normal.

CORN

The cash corn market is basically strong with the futures market which is dependent upon both crop prospects and the method of disposal of corn now held under government loan. The commercial stocks of corn are high, but declining, and with small receipts may continue to decline at a fairly rapid rate. The poor condition of pastures and meadows in many Northwestern States tends to increase the demand for corn for feeding. This is probably an important factor in checking the flow of corn to market. The drought in the North Central States will also affect the price of corn by reducing the prospects for other feed grain crops commonly grown in those States. Should the drought continue the supply of old corn on hand and subject to release from loans may be readily moved into consumption without any depressing effect upon the market resulting from loan releases.

The average farm price of corn as of April 15 was 47 cents per bushel as compared with 28 cents a year earlier. The recent decline in market prices carried prices to a lower level, but the loss has been recovered, and farm prices for the month may average higher than for April.

Commercial stocks of corn have been declining ever since the end of February. On February 24 they amounted to 70,112,000 bushels, and had declined by April 28 to 57,348,000 bushels, compared with 61,555,000 bushels on October 28, 1933. Throughout the current season commercial stocks of corn have been at an unusually high level. However, this has been the result of the unusually high level of stocks at the beginning of the season. Ordinarily there is a marked increase from the first of November to sometime in March, but this year the increase amounted to less than 10,000,000 bushels.

Receipts of corn at primary markets during April were only 7,339,000 bushels compared with a 5-year average of 16,465,000 bushels. This is the lowest level of receipts for the month of April for any recent year. During the first 6 months of the current season receipts amounted to 89,493,000 bushels compared with an average of 120,183,000 bushels during the corresponding period of the past 5 years.

Wet process grindings during April were small, amounting to only 4,690,000 bushels compared with 5,388,000 in March, and 7,117,000 in April of 1933. The decline in grindings for April was presumably due to the fact that large stocks of corn products have been accumulated in anticipation of future increases in the processing tax. Total reported wet process grindings for the 6 months November to April of the current season have amounted to 31,550,000 bushels compared with 34,463,000 for the corresponding period of the previous season, and an average for the past five seasons of 36,499,000 bushels.

The April decline in corn prices was apparently brought about by liquidation of future holdings. Inflation sentiment appears to be checked, and in the case of corn, the possibility that corn stored in security for loans may come on the market after August 1, has also probably contributed to the unwillingness of "long" interests to continue to hold their contracts or to shift their holdings from the May to July or September futures. During the month of April the open interest in corn declined from 93,000,000 bushels early in the month to 75,000,000 on April 30, and the decline has continued during the first few days of May. Trade comments indicate that this decline was by way of a liquidation of the "long" interest. The open interest has been unusually high this year. The April average of over 80,000,000 bushels this year compares with an average of open commitments at Chicago for the corresponding month of the past 10 years of only 63,000,000 bushels. Presumably the short crop of feed grains in 1933, together with inflation sentiment, resulted in an unusually large "long" interest in corn. At Chicago, May futures declined from approximately 49 cents per bushel on April 10 to 42 cents on the 17th. A similar decline took place in wheat futures but the decline in wheat futures was greater. Furthermore, corn prices began to recover immediately after the 17th, whereas the recovery of wheat prices was delayed.

The early recovery of corn prices which took place from April 18 to 21st appears to have been due primarily to the basic strength in the immediate cash market situation which asserted itself and raised prices in spite of the liquidation of futures holdings. The further rise which has taken place from May 1 to May 10, on the other hand, appears to have been due largely to unfavorable weather conditions in the western part of the Corn Belt, and to sympathetic action of corn prices to the rise in wheat prices which was also due largely to adverse weather conditions. Throughout most of the Corn Belt the weather has been very dry. In some places

dry soil has delayed seeding, or in case corn has already been planted, has delayed germination. Generally speaking, the damage to date does not appear to have been serious, for although dry weather during early May tends to reduce yields in some part of the Corn Belt drier than normal weather in other parts is an advantage. However, a continuation of unusually dry weather during the remainder of the month would presumably result in serious damage to the crop in large areas which could not be altogether offset even by plentiful rains during June and July.

There are two principal uncertainties involved in the outlook for corn prices, uncertainty as to the outturn of the 1934 crop and uncertainty as to the effect of liquidating government corn loans. The corn crop will, of course, depend upon the acreage planted, which apparently will be materially reduced as a result of the acreage reduction campaign, and upon the yields obtained. The latter will depend largely upon rainfall and temperature conditions during June, July and August, and also upon the earliness of frost in the fall.

About 280,000,000 bushels of corn have been placed under seal and pledged to the Commodity Credit Corporation on loans. Practically all of this is in the five States, Iowa, Illinois, Minnesota, Nebraska and South Dakota. Unless corn prices rise between now and August, however, it is to be expected that a large percentage of the corn pledged will be turned over to the Commodity Credit Corporation. The effect which this will have upon the market will depend in part upon how this corn is disposed of. Sale of the corn in primary markets during August and September might have a serious depressing effect, but if arrangements are made to dispose of it locally, much less market effect is to be expected. It is also conceivable that arrangements might be made to release some of the supplies during the next 2 months to aid in relieving the feed shortage in the drought areas. April 1 stocks of corn were lower than either of the two previous years, and hence supplies available on farms, aside from corn pledged as security for loans, will probably be unusually small on August 1. Consequently, it would appear that only a small part of the corn pledged as collateral will need to be disposed of in terminal markets, and that the disposal of corn stocks acquired by the Commodity Credit Corporation may not be a depressing influence on corn prices after August 1.

HOGS

The seasonal decline in hog prices which started early in March continued through April and was still in progress during the second week in May. The price recession during the entire period was gradual and at no time were sharp fluctuations evident. Slaughter supplies of hogs were seasonally larger in April than in March and slaughter of cattle and calves also continued relatively large. During February and March the cost of hogs to packers (price plus processing tax) was relatively high compared with prices of hog products but in April the relationship was adjusted to a more normal basis.

The weekly average price of hogs at Chicago declined from $4.56 the week ended March 3, to $3.64 the week ended May 5. The average for April was $3.85, compared with $4.31 in March and $3.77 in April last year. In 1933, following the suspension of gold payments the third week in April, hog prices moved sharply upward during late April and May, but this year the price movement in these 2 months has been almost the reverse of a year earlier. Market prices this year dropped below those of a year earlier for the first time during the

last week in April, and during the second week in May they averaged about 65 cents per 100 pounds below those of the corresponding week a year earlier. The cost of hogs to packers, however, (price plus processing tax) was about $1.60 higher than that of a year earlier.

Price declines this spring have been greater, both actually and relatively, on packing sows and on medium weight hogs than on light and heavy butchers. This was because slaughter supplies have included a larger than usual proportion of sows and average weights have been considerably lighter than in other years. Well-finished hogs of good quality have been relatively scarce. Trade and market comment have stressed the unusually low quality of market offerings during the last 2 months, indicating that hogs were not so well cared for as in other years and that some liquidation of breeding stock has been in progress.

Hog slaughter under Federal inspection in April totaled 3,411,000 head. Although this was 12 percent more than in March it was 11 percent smaller than the April slaughter of last year and was the smallest slaughter for the month since 1927. In recent years slaughter in April has been slightly larger than in March, but this year the increase over March was larger than usual because of the earlier market movement of hogs from the fall pig crop. Total inspected slaughter during the winter marketing season, October to April, for the current marketing year amounted to 27,363,000 head. This number was 1.5 percent less than that of the corresponding period of the previous marketing year but with average weights somewhat lighter than usual the decrease in the production of pork and lard was relatively greater than the reduction in the number of hogs slaughtered.

Corn prices declined in April but hog prices declined relatively more, consequently the hog-corn price ratio which has been below average for several months showed a further reduction. This low ratio makes the hog feeding situation on the basis of current prices for hogs very unfavorable for hog feeders. Based on farm prices as of April 15, the hog-corn price ratio in the Corn Belt States was 8.7 compared with 9.7 in March and 13.5 in April last year. The ratio has been below average during the last 10 months, and during the first 4 months of this year it was the lowest for the Corn Belt for any similar period during the 25 years that records have been kept. Reports indicate that because of the scarcity and relatively high price of corn many hog producers are turning hogs on pasture which they normally would finish out for market this spring and summer. These hogs will be carried over and fed out next fall.

Wholesale prices of pork and lard were steady to higher during April. Prices of fresh pork and some cuts of cured pork advanced during the first half of the month, but in the case of fresh pork most of this advance was lost by early May. The composite wholesale price of hog products in New York in April was $13.28 per hundred pounds compared with $13.20 in March and $10.06 in April 1933. The level of wholesale prices of hog products in March and April of this year was the highest since late 1931. The gross wholesale margin, however, after deducting the processing tax, has been much smaller than average. It was unusually small in March, but improved somewhat in April. Retail prices have improved at a slower rate than wholesale prices and in April they were slightly lower than in March.

There was very little change in storage holdings of hog products during April. Pork stocks on May 1 amounting to 655,000,000 pounds were unchanged from those of a month earlier and 4 percent larger than those of May 1, 1933.

Compared with the 5-year May 1 average they were down 17 percent. Stocks of lard continue very large for this season of the year and the total of 179,000,000 pounds was 3 percent larger than that of April 1, 150 percent larger than that of May 1 last year, and 58 percent greater than the 5-year average for that date.

Exports of pork in March were reduced from February, but they were about 20 percent larger than in March last year. On the other hand, lard exports were larger in March than in February, but they were smaller than those of the corresponding month a year earlier. During the first half of the current marketing year, October to March 1933-34, pork exports were 35 percent larger than those for the same period in 1932-33. Most of the increase in pork shipments was in frozen pork, which was consigned largely to the United Kingdom. Imports of bacon and hams into the United Kingdom have been restricted greatly by the system of quotas, but imports of frozen pork into that country have not been subject to a quota.

Lard exports in March, totaling 39,845,000 pounds were 7 percent larger than in February but they were 17 percent below those of March a year ago. Total lard exports during the first half of the marketing year amounted to 281,831,000 pounds, which was a decrease of 14 percent from those of the corresponding period of 1932-33. Nearly all of this decrease is accounted for by the smaller exports to Germany, where the import duty on lard has been greatly increased during the last year. Shipments to that country during the first half of the present marketing year were less than half of the exports in the same months of the preceding year. The lard export movement to Great Britain thus far this year has been the largest for the period in any of the post-war years. Despite the fact that British takings of United States lard have continued relatively large, the present quota and duty on German lard imports probably will result in some reduction in total exports of American lard during 1934.

In view of the early market movement of fall pigs this spring and the slight reduction indicated in the 1933 fall pig crop, slaughter supplies of hogs during the summer months, May to September 1934, probably will be somewhat smaller than the unusually large slaughter in the summer of 1933. With large numbers of producers cooperating in the program of the Agricultural Adjustment Administration to reduce hog production, it is expected that the spring pig crop of 1934 will be considerably reduced from that of 1933. This decrease will be reflected largely in the slaughter supply of the winter 1934-35. Although little immediate improvement in hog prices appears likely, the expected reduction in hog slaughter probably will result in a material advance in prices from present levels by mid-summer. The price situation will, of course, be further strengthened if the improvement in consumer demand for meats and other livestock products, which has been in evidence in recent months, is continued.

POTATOES

Potato prices in market centers declined almost steadily during April and are now back to the levels of last December. They are, however, about double those of a year ago and continue to attract relatively large shipments of old stock potatoes from the Northern States more distant from market centers. Shipments of new potatoes are also moving at a slightly faster rate than at this time last year despite the fact that the movement from Alabama and Louisiana is late in getting started. With the prospect that production in all of the early states, except Texas, will be larger than a year ago, it is likely that market prices for both old and new stock will continue to decline during the next few weeks and if the intermediate crop is also large the price decline may

extend into July. Prices for the early crop season, however, are likely to average slightly above those of last year.

At New York potato prices declined from $2.16 per 100 pound-sack in the first week of April to $1.90 in the first week of May. A year ago they averaged only 99 cents. At Chicago the decline during April was from $1.64 to $1.22 per 100 pound-sack, while for the first week of May a year ago potato prices averaged 70 cents. The price declines during the past month were a continuation of the trend in March. Potato prices reached a peak in February and have been declining almost steadily since that time.

Shipping point prices have declined with market prices during the past month. Maine Green Mountains averaged $1.10 per 100 pound-sack at Presque Isle during the first week of May against $1.55 a month earlier, and $2.00 two months earlier. At Rochester, New York, round whites averaged $1.31 per 100 pounds for the first week of May compared with $1.55 a month ago and $1.90 2 months ago. Information regarding western shipping point prices is not available since the market news offices in these states were closed in April. New potatoes at Hastings, Florida, were quoted at $2.31 per 100 pounds or about the same as a month ago.

The United States farm price of potatoes averaged 83.4 cents per bushel on April 15 compared with 92.0 cents on March 15, 42.4 cents on April 15, 1933 and 68.8 cents the 1910-1914 April average.

Shipments of both old and new stock potatoes are moving at a slightly faster rate than at this time a year ago. Owing to the peculiar distribution of the late crop in the Northern States the past season more old stock potatoes and a larger proportion of the crop have moved to market via rail or boat than in the 1932-33 season. The areas near the larger market centers had a short crop this year, while the more distant States such as Maine, Nebraska, North Dakota, Minnesota and Idaho had fairly large crops. The car-lot movement to date from the late Northern States totaled 152,000 cars to May 5 compared with 129,000 cars to May 6, 1933 and 139,000 cars the total movement from these States during the 1932-33 season.

Shipments from the early states this year through May 5 totaled 6,100 cars compared with 5,200 cars to May 6, 1933. The peak of the movement from Florida occurred in the week ended April 28 while the movement from Alabama and Louisiana is just getting started. South Carolina and Georgia are soon expected to begin shipping. All of these States have increased supplies of potatoes this year, but it is expected that, since supplies of old stock are smaller and since demand conditions are somewhat improved over those of last year, prices are likely to average slightly higher in these States than they did in 1933.

CATTLE

Prices of nearly all classes of cattle advanced during April and early May with the rise being most pronounced in case of heavy well-finished steers. Slaughter supplies of both cattle and calves continued relatively large during the month, but were slightly smaller than those of March. The improvement in consumer demand for meats, the seasonal reduction in slaughter supplies of cattle, and the relatively small slaughter of other livestock were the chief factors contributing to the general price advance. Total cattle marketings during the summer and fall are expected to continue relatively large. If the drought situation now prevailing in the Western States and Great Plains region should become more severe, the increase in shipments of

grass cattle from those areas to market will be larger and earlier than now expected. Market receipts of well-finished grain fed cattle, during the summer months at least, are likely to be materially smaller than last year, and prices of such cattle probably will continue to advance during the next few months. For other kinds of cattle, further advances in prices will depend upon the extent of the increase in marketings and upon further improvement in consumer buying power.

Since early February prices of all grades of slaughter steers have risen steadily with no set-back of consequence, and the level of cattle prices in April was higher than at any time since the fall of 1932. Prices of the lower grades of cattle normally advance during this season of the year, but the rise in the prices of the better grades during the last 3 months has been contrary to the usual seasonal tendency. The top price of cattle at Chicago in early May reached $9.50 per hundred pounds, the highest price paid at that market since October 1932. The average price of all grades of slaughter steers at Chicago in April was $6.42, compared with $5.91 in March and $4.96 in April of 1933. From early February to early May the advance in prices of slaughter steers at Chicago amounted to $2.35 for the choice and prime grade, $1.91 for the good grade, $1.25 for the medium grade, and $1.02 for the common grade. The spread between the prices of the choice and prime grade and the common grade steers is now wider than at any time since the late summer of 1933, and is much wider than in early May a year ago. With smaller marketings of well-finished grain fed cattle during the summer in prospect a further widening in this spread appears probable. Prices of cows and heifers also advanced during April. Cow prices for the month were the highest since last summer. Stocker and feeder cattle prices were slightly higher in April than in March, but were slightly below those of a year earlier. Prices of veal calves declined somewhat during April.

Slaughter of cattle under Federal inspection during April totaling 749,000 head was the largest for the month since 1926, and was the third largest for April on record. The increase in slaughter for April this year amounted to 22 percent, compared with the corresponding month a year earlier, and 15 percent compared with the 5-year April average. Although the proportion of well-finished cattle in the market supplies during March and April was smaller than in other recent months it continued relatively large. The combined total of choice and prime and good grades of steers received at Chicago in April was the largest for the month in the years since 1922 for which records are available. Inspected calf slaughter in April amounting to 526,000 head was slightly smaller than in March, but except for March it was the largest monthly slaughter of calves on record. For the first 4 months of 1934 inspected cattle slaughter was 28 percent larger than in the corresponding months a year ago, and inspected slaughter of calves was 32 percent larger.

Although the number of cattle on feed is now considerably smaller than a year ago, the prospective reduction in marketings of fed cattle during the remainder of the year will be offset, at least in part, by increased marketings of grass cattle. According to recent estimates, the spring movement of cattle from the Southwestern States this year probably will be from 5 to 10 percent greater than last year. The market movement of grass cattle usually begins in large volume in July and August. Marketings of such cattle this year may be earlier than usual because of the severe drought prevailing in most of the Western States and Great Plains area. Range conditions have been below average for more than a year, and unless

rainfall is above normal during the summer available range feed will be greatly reduced.

BUTTER

Butter prices at New York made about the usual seasonal decline from March to April. The out-of-storage movement of butter in April was relatively heavy and stocks on May 1 were less than the 5-year average. Butter production has been less than a year earlier, and poor pastures and relatively low prices of butterfat in relation to feed grains indicate production may continue relatively light for some time, even though the number of cows on farms is unusually large. Consumer expenditures for butter have been decidedly larger than in 1933, but the storage demand this season will probably be somewhat less than last year.

Estimated butter production in March exceeded February by 15.3 percent, but was 7 percent less than a year earlier, and the lowest production for March in 4 years. The increase in production from February to March was only slightly greater than the usual seasonal increase between those 2 months. The only group of states in which March production was larger than a year earlier were the Middle Atlantic and Pacific Coast States. In the East North Central States the decline from 1933 was 14.2 percent and in the West North Central States 5.2 percent.

The price of 92-score butter at New York in April averaged 23.7 cents. This was 1.7 cents less than in March but 3.0 cents higher than a year earlier. The decline in price from March to April was about the same as the usual seasonal decline. The farm price of butterfat on April 15 was 21.0 cents per pound, 2.5 cents less than a month earlier, but 4.5 cents more than on the same date in 1933. Based on farm prices in April the price of a pound of butterfat was equivalent to 23 pounds of feed grains. This was the lowest price of butterfat in relation to feed grains for April since 1920, and for the last 12 months the farm price of butterfat averaged the lowest in relation to feed grains since the fall of 1925. This price relationship will probably tend to curtail supplementary feeding in pastures during the coming months.

The condition of dairy pastures on May 1 was the lowest on record for that date. Based on the relationship between the condition of pastures for May 1 and June 1 for the last 17 years, it seems likely that the condition of pastures on June 1, 1934 will be below average and also less than last year. The poor condition of pastures and low prices of butterfat in relation to feed grains will tend to curtail production.

Government distribution of butter for relief purposes in March was about 4,700,000 pounds. Trade output through regular commercial channels (exclusive of government butter) amounted to 139,416,000 pounds or 3.7 percent more than a year earlier. This increase in trade output together with the 26 percent increase in retail prices indicated that consumer expenditures for butter in March wer 31 percent larger than a year earlier. There was also more than the usual seasonal increase in consumer expenditures for butter from February to March.

Cold storage stocks of butter on May 1 were about 11,800,000 pounds, about 2,500,000 pounds more than on May 1 a year earlier. The net out-of-storage movement in April was 3,500,000 pounds, compared with a small

into-storage movement in April 1932 and 1933.

CHEESE

Cheese prices in Wisconsin made more than the usual seasonal decline from March to April. Since cheese prices usually reach the seasonal low point relatively early in the summer, it seems probable that the seasonal low has been reached. Storage stocks on May 1 were the largest on record for that date. Estimated production of cheese in March was larger than a year earlier and there was more than the usual seasonal increase in production from February to March. Trade output of cheese in March was somewhat larger than a year earlier, and with higher retail prices consumer expenditures showed a marked increase over the same month of the preceding year.

Production of cheese in March of 37,541,000 pounds was 4.0 percent larger than in March 1933, and only slightly less than the record production for March in 1930. March production was 30 percent larger than in February. This was somewhat greater than the usual seasonal increase between these same 2 months, and the index number of production as seasonally adjusted rose from 118 in February to 124 in March and the highest since January 1933. Production of American cheese in Wisconsin in March was 6 percent greater than a year earlier while March production in the Pacific Coast States was nearly 18 percent larger than a year earlier.

The price of cheese (twins) on the Wisconsin Cheese Exchange in April averaged 11.0 cents, 2.2 cents lower than in March, but about 1.5 cents higher than a year earlier. The decline in price from March to April was greater than the usual decline and the index number of the price declined from 94 to 84.

Trade output of cheese in March was 47,833,000 pounds or 4.5 percent larger than in March 1933. The change in production and change in trade output from the preceding year was approximately the same. The retail price of cheese in March was about 16 percent larger than a year earlier so that estimated consumer expenditures for cheese were about 21 percent larger than a year earlier. This was about the same percentage increase over the same month of the preceding year as in February. These 2 months showed by far the largest increase over the same months of the preceding year.

Imports of cheese in March were 4,757,000 pounds, an increase of 61 percent over the small volume imported a year earlier. For the first quarter, however, imports were only 20 percent larger than in the first quarter of 1933.

There was a net into-storage movement in April of about 2,000,000 pounds compared with an average net out-of-storage movement in April for the 5 preceding years of about 2,900,000 pounds. Stocks on May 1 of about 52,000,000 pounds were the largest on record for that date and about 15,000,000 pounds larger than a year earlier.

EGGS AND CHICKENS

Egg prices declined slightly in April but were still higher than a year before. Chicken prices continued to advance as receipts dropped sharply. The relatively high price of eggs to producers has a tendency to reduce the marketings of laying birds. One of the most important changes in the month was the reduction in consumption of eggs and the increase in the quantity of eggs stored. Neither factor is conducive to higher prices later in the year.

On the other hand receipts of eggs were very light for this time of year and may continue so.

The price of specially packed mid-western eggs at New York averaged 19.4 cents in April, a cent less than in March, but 3.4 cents above the April 1933 average. The farm price of eggs on April 15 was 13.5 cents a dozen and the farm price of chickens on April 15 was 11.1 cents a pound, a rise of 0.4 of a cent from March 15 to 1.3 cents above the price a year earlier.

Receipts of eggs at the four markets in April were 1,981,000 cases, compared with 2,205,000 cases a year earlier, and the 5-year average of 2,301,000 cases. April receipts were the lowest for that month since 1920. Crop conditions point toward a continuance of these low receipts. Hatchery reports for March indicate an 8 percent reduction from 1933 in numbers of chicks hatched during the first quarter of the year. The number of hens and pullets in farm flocks on April 1 was estimated at 3.3 percent less than a year before. In view of this situation receipts may be expected to run below those of 1933 during the next few months. Receipts of dressed poultry at the four markets were also very low in April being 12,800,000 pounds compared with 18,400,000 pounds a year before and a 5-year average of 16,900,000 pounds.

Consumption, as indicated by apparent trade output at the four markets, dropped sharply from 25 percent more than a year before in March, to 31 percent less than a year before in April. Output in April was only about half that of March.

Cold storage holdings of case eggs on May 1 were 4,620,000 pounds, compared with 4,857,000 pounds a year before and a 5-year average of 4,544,000 pounds. On April 1, however, stocks were only about two-thirds of those a year ago, the into-storage movement this year being quite heavy, especially with the reduced receipts. Cold storage holdings of frozen poultry on May 1 were 49,200,000 pounds compared with 45,800,000 pounds a year ago and a 5-year average of 55,700,000 pounds.

LAMBS

Lamb prices, after declining in early March, held fairly steady around the $9.00 level during the last 3 weeks of that month and early April and then advanced sharply through the remainder of April and during the first week in May to the highest level since July 1930. Lamb prices usually decline after May as marketings of new crop lambs increase. The price movement this year is not expected to be greatly different from normal. The supply of fed lambs is about exhausted and the eastward movement of California new-crop lambs is now at its peak. Drought conditions in the Corn Belt, and parts of the Northwest, if not relieved soon will doubtless force some lambs to market before they normally would be shipped and also result in a general reduction in the grade of market offerings. The movement of new-crop lambs from Tennessee and Virginia will be somewhat later than usual but is expected to be well underway by mid-June.

The rise in prices of fed wooled lambs at Chicago from an average of $9.02 for the week ended April 8 to $10.06 for the week ended April 29, advanced lamb values to the highest levels since July 1930. During the

first week in May lamb quotations were changed from a wooled to a shorn basis, hence the average price for that week of $8.81 is not exactly comparable with prices of earlier weeks. The average price of good and choice lambs at Chicago for April was $9.49 compared with $9.04 in March and $5.43 in April last year. Good and choice lightweight yearlings shared in the price advance during April, the month's average for these being $8.12 compared with $7.73 in March and $4.31 in April last year. The improvement in prices of ewes during April, however, was quite small.

Wholesale and retail prices of dressed lamb also advanced sharply in April and early May. The wholesale average at New York for April was the highest since July 1931 and retail prices in that city were the highest since July 1932. The composite retail price of good grade lamb in New York in April was 22.3 cents per pound compared with 21.6 cents in March and 18.2 cents in April last year.

Federally inspected slaughter of sheep and lambs in April totaled 1,164,000 head. This was 78,450 head or 6.0 percent less than in March and 249,357 head or 17.6 percent less than in April a year ago. Total Federal inspected slaughter for the crop marketing year ended April 30, amounting to 16,921,000 head, compared with 17,261,000 head a year earlier, represents a decrease of 341,000 head or 1.9 percent.

Reports indicate that at the recent rate of marketing less than a week's supply of old-crop lambs remain in the feed lots of Colorado and western Nebraska and that feeder lambs are being shipped into this area from California.

April weather conditions were favorable for the development of early lambs in only limited areas. Range conditions in the Far West and Northwest were good but in early May ranges were reported drying rapidly in California, Idaho and eastern Oregon.

New-crop lambs from California have moved to markets earlier and in greater numbers than last year and the movement is now at its peak. The number moving through intermountain gateways toward midwestern markets to May 6 was approximately 252,318 head, compared with shipments of 206,000 live and dressed lambs in the corresponding period last year. The supply of strictly fat lambs in that State has diminished rapidly and drought conditions will cause those remaining to be of lower grade than anticipated.

Lambs from the Pacific Northwest will move earlier than last year. A severe winter, and late spring in the Southeastern States, however, delayed pasture growth and development of the lambs in those States, hence the market movement from that section will be later than usual. Pastures are very short in the Corn Belt as a result of drought and early lambs from that area will be marketed later than last year. Although some improvement has occurred in Texas, shipments of early lambs and fat sheep from that State will be small and late, due to poor feed.

WOOL

Domestic prices of all grades of wool declined during April after having risen almost steadily for about a year. The declines were due chiefly to the low rate of activity in the domestic wool manufacturing industry and to weakness in wool prices in foreign markets. The opening

of the season for marketing new clip domestic wool may also have contributed to the decline. The piece goods market is dull and the manufacturing outlook for the fall season is still uncertain. If wool manufacturing activity improves and is maintained at a more normal level for the rest of the year, further declines in prices of raw wool in this country should be relatively small. Trading in new clip wool in the West has been slow. Reports indicate that the bulk of the wool shipped to date has been shipped on a consignment basis.

Foreign markets are relatively quiet at the present time. The season has closed in most Southern Hemisphere selling centers. Trading in the United Kingdom is hindered by the restriction on wool imports into Germany which has been extended to May 21 and by other continental difficulties. These factors resulted in rather heavy withdrawals of wool at the London sales which opened May 1. Prices in the first week of these sales were mostly 5 to 10 percent below prices at the March series with the largest declines on the lower grades of crossbred wools. Fine wools sold at the opening at prices equal to, or at most, only 5 percent below the March quotations, but prices declined during the second week of the series. The market was weak when the sales closed on May 11.

Quotations for fine (64s, 70s, 80s) strictly combing territory wool at Boston averaged 85 cents a pound, scoured basis, for the week ended May 5. This was a decline of 2 cents a pound from the average price for the week ended April 7. The price of this wool in the first week of May 1933 was 57 cents a pound. Territory 3/8 blood (56s) averaged 79 cents a pound, scoured basis, for the week ended May 5, compared with 81.5 cents for the week ended April 7 and 49 cents in the first week of May 1933. The United States average farm price of wool was 26.2 cents a pound on April 15 compared with 26.9 cents on March 15 and 10.1 cents on April 15, 1933. This was the first decline reported in the farm price of wool since February 15, 1933.

Consumption of combing and clothing wool (grease basis) by United States manufacturers reporting to the Bureau of the Census in March was not greatly different from the consumption in January and February, but was almost 25 percent greater than the consumption in March 1933, when the industry was hampered by the banking situation and other financial uncertainties. The index of consumption of such wool adjusted for seasonal variation, was 72 (1923-1929 = 100) in March compared with 71 in February, 70 in January, and 58 in March 1933. Consumption (on a grease basis) for the first quarter of 1934 was slightly smaller than in the first quarter of 1933 and was smaller than in any similar quarter in the last 10 years. Consumption of carpet wool in the first 3 months of 1934 was more than twice as large as in the same months of 1933 and was also larger than in 1932. In the first quarter of 1934, 10,381,000 pounds of combing and clothing wool and 28,159,000 pounds of carpet wool were imported for consumption. The corresponding monthly figures for 1933 are not available but general imports, minus reexports for these months, show net imports of 1,659,000 pounds of combing and clothing wool and 12,627,000 pounds of carpet wool.

There has been no change in the outlook for the 1934 wool clip in the United States which is expected to be somewhat smaller than that of last year. There are not many indications yet available as to the size of the coming clips in the Southern Hemisphere countries which will not be shorn until the last few months of this year. So far conditions appear better for wintering sheep than at the same time a year ago.

The large accumulations of old wool in foreign producing centers have been fairly well disposed of and apparent supplies 1/ of all wool in these centers as of March 1 were lower than for some time. The Union of South Africa was the only country where apparent supplies exceeded those of the same period a year ago.

COTTON

Domestic cotton mill activity during April was maintained at about the same rate as in March despite the continued small sales by manufacturers and the further reduction of unfilled orders on hand. The fewer working days in April accounts for the decline in consumption from March to April. The weakness in cotton prices in April no doubt accounts in part for the small sales of cotton textiles. During the first week of May cotton prices advanced and some increase was reported in sales of cotton goods. Foreign cotton manufacturers on the whole probably sold less than they produced during April and activity in many countries was probably reduced somewhat although Japan continued to make heavy sales. Unofficial observers report that plantings in the Cotton Belt as a whole up to May 1 were somewhat below normal, but ahead of last year. Weather conditions during April were rather favorable, but fertilizer tax tag sales during the month were about 30 percent less than a year earlier. The indications are now that fertilizer sales for the season will probably be about one-third greater than last season, whereas sales from December to March were 73 percent larger than a year earlier.

Activity in domestic cotton mills during April remained at about the same level as in March. However, due to the fewer working days, total consumption in April was lower than in the previous month, but slightly higher than in April last year. The total consumption in April amounted to 513,000 running bales compared with 544,000 bales in March and 470,000 bales in April 1933, according to data from the Bureau of the Census. Indications are that sales and shipments of cotton textiles during April were below production, thus resulting in a further reduction in orders on hand and an increase in stocks of cotton goods. Trade papers and reports state that there has been a considerable amount of discussion among manufacturers relative to curtailment. Some observers, however, are said to believe that conditions will improve in the near future. Some increase in sales was reported for the first week in May.

In Europe yarn and cloth sales were apparently rather slow during April, probably running below production for Europe as a whole, but in Germany sales were probably equal to or in excess of production. Japan continued to make heavy sales particularly in foreign markets, although

1/ Carry-over from preceding season, plus estimated production, minus exports. No deduction made for comparatively small quantities consumed locally or amounts sold but not yet exported.

there has recently been a considerable amount of discussion in many of the countries to which Japan is selling large quantities of cotton goods pertaining to the advisability of restricting the imports of Japanese goods. In fact a provisional restriction in the form of reduced quotas is understood to be already in effect in the Dutch East Indies.

Domestic cotton prices declined more than 1-1/4 cents per pound from early April to May 1 when the average of Middling 7/8 inch cotton in the ten designated markets dropped from 12 cents to 10-3/4 cents. During the first 8 days in May, however, there was an advance of 3/4 cents, with the average price in these markets about 1/2 cent lower than at the beginning of April. The average of the ten markets on May 12 was 11.26 cents which was 0.19 cents less than on May 8 and compares with 8.79 cents on the same day last year and 5.36 cents on May 12, 1932. The United States average farm price as of April 15 was 11.6 cents per pound compared with 11.7 cents on March 15, 6.1 cents on April 15 last year. The price of American cotton relative to Indian cotton in Liverpool during April was somewhat lower than in March due to the decline in the price of American.

Trade reports indicate that the planting for the Cotton Belt as a whole up to May 1 was somewhat below normal, but considerably ahead of last year. Weather conditions during April were perhaps on the whole better than average. April sales of fertilizer tax tags in eight Southern States amounted to 639,000 short tons, according to reports of the National Fertilizer Association. This represented a decrease of nearly 31 percent compared with April last year and was smaller than the sales in April for any year since 1926, thus indicating manufacturers purchased their tags unusually early this year. The sharp decline in tag sales in April indicates that fertilizer applications will probably not be as large as the sales in the earlier months indicated, for sales after the end of April have always been very small compared with the previous months. For the 5 months, December to April, total tag sales in the eight states amounted to 2,554,000 short tons, an increase of 26 percent over the corresponding period a year earlier, but were 35 percent less than the average for the same period for the 5 years ended in 1930. At the end of March sales in the eight States for the season beginning December 1 were 73 percent larger than a year earlier.

Business statistics relating to domestic demand

Year and month	Industrial production	Factory pay-rolls	Factory em-ploy-ment 1/	Commodity prices: United States: Prices paid farmers 2/	United States: Wholesale 3/: 1910-1914=100	United States: Wholesale 3/: 1926=100	Foreign 4/: In foreign currency	Foreign 4/: In dollars	Inter-est rates 5/	Indus-trial stock prices 6/
	1923-1925 = 100						1926= 100			
1929										
July	124	109	102	140	141	96	94	96	6.00	344
Oct.	118	106	100	140	139	95	94	96	6.19	321
1930										
Jan.	106	97	94	134	135	92	90	92	4.94	252
Apr.	104	95	92	127	131	90	86	88	3.88	288
July	93	85	86	111	123	84	83	84	3.16	232
Oct.	88	78	83	106	121	83	80	81	2.92	196
1931										
Jan.	83	70	78	94	114	78	76	77	2.85	168
Apr.	88	72	78	91	109	75	76	76	2.38	162
July	82	67	75	79	105	72	74	73	2.00	143
Oct.	73	58	70	68	103	70	72	66	3.50	102
1932										
Jan.	71	54	67	63	98	67	71	60	3.88	79
Apr.	64	48	64	59	96	66	69	60	3.73	63
July	58	41	58	57	94	64	67	56	2.54	46
Oct.	66	42	61	56	94	64	68	55	2.07	64
1933										
Jan.	65	40	59	51	89	61	68	54	1.44	62
Feb.	64	39	59	49	87	60	67	54	1.25	56
Mar.	60	36	57	50	88	60	66	54	3.30	58
Apr.	67	38	58	53	88	60	66	55	2.60	65
May	77	42	61	62	92	63	67	62	2.09	82
June	91	46	65	64	95	65	68	66	1.91	94
July	100	52	70	76	101	69	68	75	1.75	100
Aug.	91	56	73	72	102	70	68	73	1.75	98
Sept.	84	58	74	70	103	71	69	78	1.53	100
Oct.	77	56	74	70	104	71	69	78	1.50	93
Nov.	73	53	72	71	104	71	69	85	1.50	96
Dec.	75	52	72	68	103	71	68	84	1.50	99
1934										
Jan.	78	54	72	70	105	72	69	84	1.50	103
Feb.	81	58	75	76	107	74	69	86	1.50	107
Mar.	84	61	77	76	108	74	69	87	1.26	102
Apr.				74					1.25	104

1/ Federal Reserve Board indexes, adjusted for seasonal variation.
2/ United States Department of Agriculture, August 1909-July 1914= 100.
3/ Bureau of Labor Statistics index.
4/ Weighted average of index for eight foreign countries - United Kingdom, Canada, Japan, France, Italy, Germany, China, and the Netherlands.
5/ The Annalist. Average of daily rates on commercial paper in New York City.
6/ Dow-Jones index is based on daily average closing prices of 30 stocks.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

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THE PRICE SITUATION, JUNE 1934

FARM PRICES

The general level of farm prices is higher than a month ago. Prices of grains, hay, cotton, and dairy products have increased, whereas prices of meat animals are lower than a month ago. "A sharp decline in crop prospects, heavy losses of early crops and, for this time of year, a record low condition of pastures and low levels of milk production per cow and egg production per hen", are shown by the June estimates of the Crop Reporting Board. On June 1 the condition of pastures and hay in some 19 states from Ohio to Nevada and of spring grains in most of these states was the lowest on record.

Cash income from the sale of farm products in April 1934 is estimated at $381,000,000, which is a decline of $26,000,000 from the income realized in March, but this is less than the usual seasonal decline from March to April. In April 1933, farmers realized $311,000,000. Cash income from the marketing of crops after seasonal adjustment was about 5 percent higher in April than in March, whereas income from the sale of livestock and livestock products was slightly lower. Rental and benefit payments in April of only $7,000,000 were the lowest for any month since benefit payments really got under way in September 1933. In the first 4 months of the year, the cash income from the sales of farm products amounted to about $1,595,000,000, compared with $1,184,000,000 in the same months of 1933, an increase of 35 percent. Adding rental and benefit payments of $104,000,000 brought total cash receipts during the first 4 months to $1,699,000,000 or 43 percent larger than in the same months of 1933.

The index of farm prices in mid-May was unchanged from April at 74 compared with 62 percent of the pre-war average on April 15, 1933. Prices of commercial truck crops continued to advance from April to early May to a level about 16 percent above a year earlier. Prices paid by farmers in mid-May are estimated at 121 percent of the 1910-1914 average compared with 120 in April. The exchange value of a given quantity of farm products for a given quantity of commodities bought by farmers consequently declined one point to 61 percent of the pre-war average relationship; the same as a year earlier. The recent rise in farm prices should bring this relationship of prices received to prices paid by farmers in mid-June to above the level of a year ago.

WHOLESALE PRICES

The general level of wholesale prices is now at the highest level in over 3 years. The 1 percent rise in late May and early June, after 3 months of stable prices, is largely the result of higher prices for farm products and foods. The official index number of wholesale prices for the first week in June was equivalent to 108 percent of the 1910-1914 average compared with 93 a year earlier.

Although market prices of farm products have risen considerably of late, they are, on the whole, still below the early March level. Prices of

hides and leather, and of textiles have declined a little in recent weeks, whereas prices of fuel and lighting, house furnishing goods, and building materials have continued their upward trend.

Prices of 10 selected import commodities declined to 160 on June 4 (6 weeks ended April 10, 1933=100) from the recent high of 165 on May 7, whereas prices of 10 selected export commodities at the same time increased from 150 to 154. World wheat prices have increased considerably in recent weeks, whereas the index of prices of 16 other international commodities has fluctuated within a narrow range for the last 4 months.

Wholesale prices in the currencies of the eight foreign countries which take about 75 percent of our agricultural exports declined slightly from February to April. The level of wholesale prices in the eight countries combined fluctuated within the narrow range of 68 to 69 percent of the 1926 average from June 1933 to April 1934.

Wholesale prices in England and Germany were steady to a little lower in April and early May. Prices in France and Italy declined slightly to new low levels in May. Prices in Canada declined about 1½ percent from March to April.

BUSINESS CONDITIONS

Industrial production in May was slightly lower than in April even after allowance for seasonal changes. Further increases in iron and steel production were more than offset by declines in the production of automobiles and textiles. Production of coal, petroleum, and electric power made about the usual seasonal changes from April to May. Building contracts awarded during the first half of May were below the unusually low levels of April but improvement in the last half of the month brought the total for the month just slightly above the April total. The Federal Reserve Board's preliminary estimate of the index of department store sales in May was 75 percent of the 1923-1925 average after seasonal adjustment compared with 77 in April and 67 in May 1933. Retail sales of mail order houses and variety stores were a little higher in May than in April. Car loadings declined slightly from April to May after allowance for seasonal changes.

While some slackening in business activity usually occurs in the summer months present indications are that the decline in the summer of 1934 will be slightly more than seasonal. From March to July 1933 industrial activity in the United States increased sharply, the Federal Reserve Board's index increasing from 59 percent of the 1923-1925 average in March to 100 percent in July. This sharp advance was followed by a decline in the index to 72 in November. The increase in industrial activity from November 1933 to April 1934 has been much more gradual than that which occurred in the spring of 1933 and no such marked decline is expected during the summer months of 1934 as occurred from July to November last year. Increased activity in building and public works and further improvement in some of the minor industries will tend to offset any declines in the activity of steel, automobiles, and textiles.

The total value of construction contracts awarded in May was $134,000,000 compared with $131,000,000 in April and $77,000,000 in May last year. Contracts awarded for private construction were slightly larger in May than in April, whereas contracts awarded for public works and public

utilities were somewhat lower. The present low level for contracts awarded cannot be taken as an index of probable construction during the summer months because of the lag between the time contracts are awarded and the time when actual construction takes place. There was a marked pick-up in construction contracts awarded from August to December 1933 due largely to the increase in contracts let for public works and utilities. Actual construction of the projects contracted during this period are now getting under way and may result in increased activity in building during the summer months.

The unadjusted index of employment increased from 80.8 in March to 82.3 in April and the index of payrolls increased from 64.8 to 67.3. Employment in April was approximately 40 percent higher than a year earlier and factory payrolls were 73 percent greater than in the same month last year. Employment and payrolls in New York State factories declined slightly more than seasonal from April to May. Reductions in employment in the textile and clothing industry were only partly offset by increased employment in the building-material and iron and steel industries.

Industrial activity in foreign countries in April also changed little from a month earlier. Industrial production in Great Britain made a slight decline from March to April after the usual seasonal adjustments. Increased activity in the heavy industries was more than offset by declines in textiles, boots and shoes. Retail sales in Great Britain in May were below the previous month for the first time since last September. Indications point to some increase in business activity in France since March; Industrial expansion in Germany has been maintained and unemployment has declined. Curtailment of imports has been accompanied by a further decline in exports, and imports still exceed exports. The gold resources of Germany have declined further with the ratio of gold to money in circulation reaching the unusually low level of less than 4 percent. Industrial activity in most of the smaller European countries during the first quarter of 1934 showed improvement over the last quarter of 1933. In Canada, industrial production increased further in April, particularly in steel, motor cars, and textiles. There has also been more than the usual seasonal increase in building activity in Canada this spring. Industrial activity in Japan continues at high levels and China's foreign trade recorded a further improvement in April. In China, however, imports continue to exceed exports.

World trade continues at low levels and, valued in terms of gold, has shown but little improvement during the past year in comparison with the improvement in industrial production in most of the leading countries of the world. The May bulletin of the League of Nations contains a summary of world trade through the first 3 months of 1934. From 1929 to 1933 the trend of world trade was similar to that of industrial production in most countries. For the year 1933 the gold value of imports in 73 countries was 89 percent of the year 1932 and the gold value of exports was 90 percent. The low point in international trade was apparently reached in April 1933 when the total movement of goods in world trade valued in terms of gold was only 32.5 percent of the average for 1929. From April to December 1933 the movement of goods increased about 13 percent. During the first 3 months of 1934 a large part of this increase was lost and in March the gold value of imports was 94 percent of March 1933 and the value of exports was 96 percent of the same month last year.

WHEAT

The wheat crop of the United States is now certain to be so short of domestic requirements that the carry-over of wheat in the United States will be considerably reduced by the end of the next marketing season, and prices are likely to continue considerably above an export basis throughout most if not all of the marketing season. Furthermore, world prices are likely to be at a level somewhat above that of the past season. Should the crops of winter and spring wheat turn out to be no larger than indicated as of June 1, the new crop supply will fall short of domestic requirements by at least 100,000,000 bushels, and the carry-over of old wheat is likely to be reduced to about a normal basis by the end of the season, without exporting any wheat or flour. Prices at times may be high enough to invite imports of small quantities of wheat - particularly of hard spring wheat - from Canada to make up for the short supply of hard spring wheat in the United States.

Wheat prices rose sharply in May after a marked decline. Farm prices averaged 71 cents per bushel in March, declined to under 69 cents in April, and then turned upward, passing above 69 cents by the middle of May. The average prices of all classes and grades in six markets declined from 89 cents on March 31 to 79 cents the third week in April, but turned upward and reached the average of $1.03 for the week ended June 2. The recent advances in market prices suggest that farm prices in June are likely to average about 80 cents per bushel. The sharp decline started in April on the expectation of a new crop more than sufficient for domestic requirements and a necessity for liquidating a large volume of open contracts in the futures market. The April decline was brought to an end by the development of droughty conditions which rapidly changed the prospects for the new crop.

Since a carry-over of about 250,000,000 to 275,000,000 bushels is expected in the United States, total supplies may amount to only about 750,000,000 to 775,000,000 bushels. This compares with a probable domestic utilization of about 625,000,000 bushels and with an average carry-over prior to 1929, of about 125,000,000 bushels. Hence, it is altogether possible that the United States carry-over may be reduced to about normal proportions even though there should be no exports during the coming year. It should, of course, be borne in mind that there is still room for an improvement in spring wheat prospects, and such a change would alter the prospect for the 1935 carry-over. Nevertheless, it seems assured that wheat prices in the United States through most of the 1934-35 crop year will continue well above an export basis, except possibly in the North Pacific region.

The winter wheat crop of 400,357,000 bushels, indicated by conditions as of June 1, would be well above last year's short crop of 351,000,000 bushels, but is 37 percent below the average production during the 5-year period 1927-1931. Spring wheat production is still very uncertain because of the heavy loss of acreage in the Dakotas and Minnesota, and because the yield depends largely upon June and July weather. Conditions as of June 1, however, suggest that the crop may be only about 100,000,000 bushels so the total wheat crop may not exceed 500,000,000 bushels. This would be the smallest wheat crop since 1893.

Wheat crop prospects for 1934-35 are generally below those of a year ago, both for importing and exporting countries. The principal exceptions where better crops are expected are China, Manchuria, Japan, and in certain

Mediterranean countries, notably Spain, Portugal, and Tunis. Such increases, however, on the basis of present estimates are much more than offset by the indicated decreases.

In parts of the Canadian Prairie Provinces the crop situation is very serious and a critical stage was reached much earlier than usual. Spring rainfall has been scanty and ineffective, and allied with high temperatures and strong winds has led to serious soil drifting. Rains, however, were received in early June and brought general relief. Grasshoppers are reported developing rapidly and to be causing serious damage in Manitoba and Saskatchewan. Weather studies indicate that while some sections have suffered severely from drought, wheat yields of Canada as a whole will not be nearly so much affected as those of the United States unless June and July should be dry and hot.

In Europe, most countries expect a smaller wheat crop, particularly in the Danube Basin. The Bureau's Belgrade representative estimated a reduction of around 100,000,000 bushels from last year's crop in the four Basin countries as a result of a smaller acreage and below average yields, especially in Rumania. Unfavorable crop conditions in central Europe are also expected to reduce the wheat harvests in Germany and Czechoslovakia. The Bureau's Paris representatives forecast sizable reductions in the French and Italian crops, but some increases for Spain, Portugal, and French North Africa. The latter crop is now being harvested under generally favorable conditions. Total spring seedings in Russia, which generally account for about two-thirds of the total wheat acreage, have made good progress this season, but several important eastern wheat regions are lagging behind last year. Some drought damage in the southern export regions is now officially reported.

The estimate of the Indian crop has been revised downward from 369,563,000 bushels to 350,261,000 bushels, which is practically the same as the 1933 crop. The reduction appears to have been due to generally unfavorable conditions at harvest time.

The Argentine wheat acreage now being seeded is unofficially estimated to be about the same as last year and the 1930-1932 average, according to cabled advices from our office at Buenos Aires. It is estimated that 40 to 50 percent of the wheat area had been seeded by June 1. In Australia the area is estimated at 13,500,000 acres, a reduction of approximately 1,400,000 acres. Unfavorable seeding conditions, particularly in the eastern regions together with the relatively more favorable wool prices than wheat prices have helped to cause the reduction.

The above general statements of conditions may be summarized as indicating that the new 1934 wheat crop of the world, outside of Russia, will be from 5 to 10 percent short of that of the past season, and that Russia probably will have no surplus to contribute to the supply of other countries. It is expected that the carry-over in some European countries will be larger than last year, but the increase there may be offset by the reduction in the United States. The world's wheat supply for the 1934-35 season, therefore, now seems likely to be at least 5 percent less than that of a year ago, and prices in world markets are likely to average somewhat higher than in the past season.

CORN

Corn prices have shared in the general rise of grain prices which has resulted from the drought in the Great Plains area. Oats, barley, and rye have suffered greatly, and the crops of these grains will be small. This, together with shortage of hay and forage, is tending to increase the demand for corn. Drought in the Corn Belt has also contributed to the rise of corn prices, but although considerable damage has been done in some areas the corn crop of the United States, as a whole, seems not to have been seriously affected thus far. Corn prices seem likely to be well maintained during the next few weeks, but the course of prices will depend largely upon the development of the new crop and the marketing of corn now stored against government loans. There may be price declines during late summer and fall if there are heavy marketings of corn stored against government loans, especially if prospects then are for a good new crop.

The United States average price of corn as of May 15 was 48.6 cents per bushel, compared with 47.1 cents a month earlier and 38.9 cents for May 1933. Marked price increases since mid-May indicate that the June 15 farm price will be considerably higher than that of May 15. At Chicago, No. 3 Yellow rose from 47.3 cents the first week of May to 49.9 cents for the second week, and 56.8 cents for the week ended June 9.

Commercial stocks of corn, while larger than in most recent years, continue to decline rapidly. For the week ended June 9 they amounted to 44,066,000 bushels compared with 54,423,000 as of May 5. The 44,066,000 bushels as of June 9 this year compares with 42,528,000 bushels a year earlier and a 5-year average for the corresponding date of 19,116,000 bushels.

Primary market receipts continue low, amounting to only 7,951,000 bushels in May, compared with 26,164,000 bushels last year and an average of 14,819,000 bushels for May of the past 5 years. This rise in corn prices does not appear to have resulted in the repayment of loans or the release of any material amount of corn stored against government loans.

Wet process grindings for the month of May amounted to 5,271,000 bushels compared with 8,862,000 bushels a year earlier and an average of 6,465,000 bushels for May of the past 5 years.

There still remain the two principal uncertainties mentioned last month. The outturn of the new crop is highly uncertain and there is similar uncertainty as to the manner in which the corn sealed under government loans will be liquidated. The recent rise in price has increased the possibility of repayment of loans before August 1, but it seems doubtful if a large portion will be repaid prior to that time. The corn crop is still highly uncertain. The drought apparently has not thus far seriously reduced the crop prospects for the country as a whole, and if there is a continuation of the more favorable weather experienced during the first 2 weeks of June, a good crop should be harvested.

The small production of other feed grains will tend to increase the demand for corn, especially between now and the time the new corn crop is harvested. This may result in some further advance in corn prices during the next few weeks. In case weather developments during the next 2 months should be adverse to the new corn crop and a short crop

be indicated, it is likely that there will be little decline of corn prices during either late summer or fall, although some readjustment to a new crop basis is to be expected in any event. If, on the other hand, developments meanwhile are such as to indicate a good corn crop, a decline in prices is to be expected sometime between late July and the first of November. The timing of the decline will depend largely upon the handling of the corn stored against government loans. However, the small production of other feed grains may be expected to reduce the adverse effect on the disposal of such stocks.

POTATOES

Potato prices in market centers declined steadily during May and the first part of June owing to the sharp rise in shipments of the new crop from the Southern Early States. Production in these States is forecast at 19,967,000 bushels or 28 percent greater than a year ago while that in the first section of the Intermediate States, which are not yet shipping, is forecast at 12,677,000 bushels or nearly 41 percent greater than in 1933. Usually prices of new potatoes decline during this period of the year, but with the large supplies of new potatoes now available or to be available for shipment during the next 2 months, the prospects are that the decline this season will be greater than seasonal. The present downward trend may be expected to continue until the northern late crop becomes the predominating supply factor.

Prices of old stock at New York declined from $1.90 per 100 pounds the first week of May to $1.37 the first week of June while those of new potatoes dropped from $3.00 to $1.84. A year ago old stock averaged $1.02 while new potatoes averaged $1.90 per 100 pounds. At Chicago, old potatoes declined from $1.22 per 100 pounds during the first week of May to $1.18 the first week of June. New potatoes dropped from $2.98 to $1.80 during the same period. On June 1, 1933 old stock averaged 96 cents while new potatoes averaged $2.25.

Shipping point prices followed much the same trend as market prices during the past month. Prices of Green Mountains at Presque Isle, Maine averaged 70 cents per 100 pounds during the first week of June compared with $1.13 a month earlier. The 1934 Florida shipping season is about closed and f. o. b. prices at Hastings averaged $4.05 per barrel against $2.92 in 1933. The lower Rio Grande Valley Texas crop averaged $2.36 per 100 pounds this year compared with $1.95 last year. Shipments from North Carolina are just getting started with prices averaging around $2.00 per barrel f. o. b. shipping points.

The United States farm price of potatoes averaged 73.7 cents per bushel on May 15 compared with 83.4 cents on April 15, 43.7 cents on May 15, 1933 and 69.5 cents the May average from 1910 to 1914.

Shipments of new potatoes increased steadily during May, totaling nearly 4,000 cars in the last week of the month. By June 2 this year the movement of new potatoes totaled 17,600 cars against only 14,335 cars to June 3, 1933. On the other hand, shipments of old stock declined during the past month, totaling only 1,400 cars in the last week of May against 1,445 in the corresponding week a year earlier.

HOGS

The seasonal decline in hog prices which started in early March and continued through April and May ended early in June and prices moved sharply upward the second week in June. Because of wide-spread drought over much of the Western Corn Belt and a very unfavorable hog-corn price ratio, there has been a heavy liquidation of unfinished hogs in recent weeks, with the result that slaughter supplies in May were almost equal to the very large slaughter of May last year. Slaughter of cattle and calves also was unusually large, thus making a record production of meat for the month. Although there may be some further liquidation of hogs in some sections it is expected that the seasonal reduction in slaughter during the next 3 months will be much greater than that of last summer and that it will be accompanied by a greater than average seasonal price advance.

The weekly average price of hogs at Chicago declined from $4.56 per 100 pounds for the week ended March 3, when the peak of the winter seasonal price rise was established, to $3.33 during the week ended June 9 and then rose sharply the following week. Top prices declined less during May than did the average because of increased supplies of unfinished hogs and packing sows. Prices of the latter declined less than did those on light hogs because of a premium paid on weight. The average price of hogs at Chicago in May was $3.51 compared with $3.85 in April and $4.51 in May last year when hog prices advanced sharply following the suspension of gold payments in the third week in April. With the hog processing tax of $2.25 included, the cost of hogs to packers in May was 27 percent greater than in May last year.

Hog slaughter under Federal inspection in May, totaling 4,218,000 head, was 1.6 percent smaller than in May last year but it was nearly 24 percent larger than in April and was the third largest on record for the month. May slaughterings are normally larger than those in April but the increase this year has been exceeded only in 1920. Most of the increase occurred at the markets in or near the Western Corn Belt. Factors accounting for this large slaughter were the earlier market movement of hogs from the fall pig crop, liquidation of hogs from drought areas, sale of breeding sows in compliance with hog-corn reduction contracts, and relatively high prices of feed.

Wholesale prices of fresh pork declined rather sharply during May and in the last week of the month prices at New York were at the lowest levels since early February, but were about one third higher than a year earlier. Cured pork prices on the other hand made a sharp seasonal advance to the highest levels in 4 years. The composite wholesale price of hog products in New York in May was $13.10 per 100 pounds compared with $13.28 in April and $10.56 in May last year.

Despite the large increase in hog slaughter in May storage holdings of pork were reduced about 14,000,000 pounds during the month compared with an increase of 40,000,000 pounds in May last year and a 5-year average decrease of 18,000,000 pounds. Lard holdings were maintained at about the May 1 level. Storage stocks of pork on June 1, including those held for government account, amounting to 642,000,000 pounds were 4 percent smaller than those of a year earlier and 16 percent smaller than the 5-year average for that date. This is the first time since June 1933 that storage holdings of pork have been below those of a year earlier. Lard stocks

continue relatively large despite increased exports, government purchases for relief purposes, and smaller lard yields from hogs slaughtered. Lard holdings on June 1 amounted to 183,000,000 pounds or 65 percent more than those on June 1, 1933 and 142 percent more than the 5-year average for that date.

Exports of fresh and frozen pork, mainly to Great Britain, continued relatively large during April. Exports of cured pork, however, were relatively small, partly because of the operation of quotas now in force in the United Kingdom. Total exports of pork for the month amounted to 10,119,000 pounds compared with 11,459,000 pounds in April last year and a 5-year April average of 18,090,000 pounds. Lard exports amounting to 39,643,000 pounds were not greatly different from those in March but they were about 1 percent larger than those in April last year and 15 percent smaller than the 5-year average for the month. Exports of lard from the principal ports increased sharply during May, with a large part of the movement going to Great Britain. Total exports of lard from January to April, however, amounting to about 168,000,000 pounds, were a fourth smaller than those in the first 4 months last year, despite the fact that takings by Great Britain were the largest for the period since the World War.

Slaughter supplies of hogs during the remainder of the current hog crop year which ends September 30 are expected to be considerably smaller than the relatively large supplies in the corresponding period of 1933. The proportion of the 1933 fall pig crop already marketed undoubtedly is much larger than that of the 1932 crop disposed of by mid-June last year. Because of the drought and the relatively high prices of feed there has been a tendency to market packing sows earlier than last year and this should be reflected in relatively smaller supplies of such hogs during the late summer. Average weights this summer undoubtedly will be much lighter than those of last summer thus further reducing the supply of hog products for consumption. Hog prices are expected to make somewhat more than the usual seasonal advance but the rise in June may be restricted by further liquidation of unfinished hogs if the drought conditions are not greatly improved.

CATTLE

The movements of cattle prices in May tended to be contrary to the usual seasonal trend during that month. Choice cattle reached the highest levels of the year, with the top on choice heavy steers at the end of the month approaching the $10.00 mark. Prices of common cattle of all kinds tended to decline during the month, whereas they are usually fairly steady or tend to strengthen. Since the first of the year the average weekly price of choice steers at Chicago advanced from about $5.90 to $8.77 the second week in May. After that date the weekly average of all choice steers declined somewhat although choice heavy cattle continued to strengthen. As a result, at the end of May the price spread between heavy and light steers of choice grade was quite wide, especially for that period of the year, and was in striking contrast to the situation a few months earlier when heavy cattle were selling at a marked discount under light cattle.

Common steers and lower grades of butcher cattle reached the highest levels of the year early in May and then declined sharply during the month. At the end of May the average weekly price of choice steers was $1.35 a hundred higher than in the corresponding week of 1933, but the price of

common steers was nearly 50 cents below a year earlier. The average price of all beef steers in May was $6.91, compared with $6.42 in April and $5.64 in May 1933, and was the highest for any month since October 1932. The farm price of beef cattle in May was $4.13, compared with $3.89 in April and $3.95 in May 1933. Low grade cows and bulls by the end of May had declined to about the lowest levels reached in recent years.

Supplies of cattle in May were very large. Both receipts at 7 markets and inspected slaughter were about one-third larger than in May 1933 and 40 percent larger than the 5-year average. Inspected slaughter of calves of 600,000 head was 36 percent larger than May last year, and the largest for all months of record. April and May of this year are the only 2 months on record when calf slaughter has exceeded 500,000 head. These heavy supplies of cattle and calves represented, in part, forced marketings from acute drought areas supplemented by large supplies from other areas where stock water and pasturage are short. The advancing price of corn and hay, and the prospect of short supplies of all kinds of livestock feeds this year also tended to enlarge the movement of fed cattle from most states. The receipts of choice steers at Chicago continued large, being the second largest for the month in 10 years, but the proportion of heavy steers - 1400 pounds and over - was much smaller than earlier in the year when the market was overburdened with long fed cattle of unusually heavy weights.

The course of the cattle market during the next few months will be greatly affected by developments in the drought situation. If the drought continues and grain prices continue to rise as prospects for production this year become increasingly poorer, a considerable liquidation of cattle from feed lots is probable. These, added to the increasing supplies of drought cattle, can be expected to result in continuing heavy supplies. Since the outlet for unfinished cattle will be greatly curtailed, most of the heavy supply will have to go for slaughter. Even if the drought should be effectively broken during the next few weeks bringing improved pastures and better corn crop prospects, heavy marketings of cattle and calves during the next 6 months are to be expected, since under very favorable conditions for the rest of the growing season the supplies of hay and other roughage is bound to be short in many areas, but under these conditions marketings will follow more closely the usual seasonal trend than can be expected under continuing acute drought conditions over large areas.

While fairly large supplies of fed cattle during the next 2 months may halt the continuing upward price movement of the better grades of cattle, such marketings will reduce the numbers available later in the year with resulting further price advances over present levels. Market prices of lower grade cattle will be influenced considerably by the scale of prices at which the A.A.A. is buying cattle in emergency areas. The present schedule offers considerably higher returns for most cattle than these would bring if shipped to market, hence, the supply of drought cattle actually arriving at markets for sale will be limited, but the volume of such cattle coming to all markets for processing for A.A.A. account may be very large. Under these conditions prices for low grade cattle of all kinds for regular distribution may tend to advance from present low levels.

BUTTER

With butter production being curtailed by the drought, butter prices have increased at a season of the year when prices usually decline. Total milk production on June 1 was estimated to be 5 to 6 percent less than a

year earlier. The drought has resulted in the poorest pasture conditions on June 1 ever reported, and with very short crops of hay and small grains in prospect, which indicate continued light production. The movement of butter into storage has been less than last year, but consumer expenditures for butter have been greater.

Milk production per cow on June 1, reported by crop correspondents, was 15.36 pounds or 7.3 percent less than the low production a year earlier and by far the lowest on record for that date, and 11.5 percent less than the 1925-1929 average. With the exception of the Western States, production per cow was the lowest on record in each of the important groups of states. The percentage of cows being milked was also relatively low.

The condition of dairy pastures on June 1 was reported as 53.3 percent of normal compared with 82.5 last year and a 10-year average of 84.7. With the exception of September 1, 1930, this was by far the lowest condition ever reported. Pastures were especially poor in the North Central States.

The price of 92 score butter at New York in May averaged 24.5 cents a pound or 0.8 cents more than in April, and the highest for the month since 1930. Prices in May usually average lower than in April. The farm price of butterfat on May 15 was 21.5 cents, up 0.5 cents from the preceding month and 0.7 cents from the same date in 1933. Farm prices of feed grains in mid-May were also somewhat higher than a month earlier, so that the relationship between the prices of butterfat and feed grains was unchanged. Since mid-May, however, there has been a marked rise in grain prices and relatively little change in butter prices. Butterfat prices are relatively high as compared with other livestock prices. Even though feed supplies are short dairy cows may get more than their usual proportions of the feed.

Estimated butter production in April of 133,200,000 pounds was 3.4 percent less than a year earlier. This was not as large a decline under the preceding year as in the 3 preceding months, but April production was the lowest for the month since 1928. The increase in production from March to April was somewhat less than the usual seasonal increase. Butter production in May was also less than a year earlier according to weekly reports.

Trade output of butter in April of 136,671,000 was about 1 percent less than a year earlier. Estimated consumer expenditures for butter were 14 percent greater than a year earlier.

Cold storage holdings of butter on June 1 were 27,100,000 pounds. This was 8,000,000 pounds less than on June 1, 1933. The net into storage movement in May was 15,300,000 pounds compared with 25,800,000 pounds in 1933 and a 5-year average of 22,500,000 pounds.

Foreign butter prices continued relatively low, but the margin between domestic and foreign prices is still decidedly less than the tariff. On June 7 the price of 92 score butter in New York was 24.9 cents while New Zealand butter in London was 17.6 cents per pound.

CHEESE

Cheese prices advanced from late April to early June, largely as a result of prospects of low production because of the drought. Storage stocks are large and April production was the largest on record for the month while trade output was less than a year earlier.

Milk production per cow on June 1 in Wisconsin, the most important cheese producing State, was 8.5 percent less than the low production a year earlier, and 15 percent less than the average 1925-1929 production for that date. Pastures are unusually poor in this section of the country. Stocks of hay on farms are low and light production of hay and small grains is in prospect.

In contrast with the relatively low production of butter in April, estimated cheese production in April was 10.3 percent larger than a year earlier, and the largest on record for the month. Cheese prices have been relatively high compared with butter. American cheese production in Wisconsin in April was 7 percent larger than a year earlier. Production in the Pacific Coast States was up 28 percent and in New York State up 39 percent.

The price of cheese (twins) on the Wisconsin Cheese Exchange rose from 10.5 cents in late April to 12.5 cents in early June. The average price in May of 11.4 cents was 0.4 cents higher than a month earlier. This was about the same as the usual seasonal advance between these 2 months.

Trade output of cheese in April was 8.5 percent less than a year earlier. With the increase in retail prices, however, the estimated consumer expenditures for cheese were about 4 percent larger than in April 1934.

Storage stocks of American cheese on June 1 were 57,800,000 pounds, the largest on record for the month, compared with the 5-year average for June 1 of 46,500,000 pounds. The net into-storage movement in May was relatively high.

EGGS AND CHICKENS

Egg prices averaged practically the same in May as in April whereas chicken prices to producers advanced slightly. Receipts of eggs for May were the lowest for the month in many years, though poultry receipts were about average. An important depressing factor in the egg price situation is the sharp drop in consumption which has occurred this spring. This tends to increase storage stocks above what they otherwise would be and hence makes for relatively low prices in the early fall. However, with fewer laying birds than the year before, a moderately larger storage supply might be necessary to meet normal consumption requirements next fall and winter.

The price of specially packed midwestern eggs at New York averaged 19.4 cents a dozen in May, the same as a month before and 3 cents more than in May 1933. Farm prices of eggs dropped slightly, however, from 13.5 cents on April 15 to 13.3 cents on May 15. A year before the price was 11.8 cents. The farm price of chickens continued its seasonal rise from 11.1 cents a pound on April 15 to 11.2 cents on May 15, or 0.8 of a cent more than on May 15, 1933. The normal seasonal course for egg prices during the next 2 or 3 months is for very little sustained advance, while the farm price of chickens in most years declines.

Receipts of eggs at the four markets during May were 1,856,000 cases as compared to 2,426,000 cases a year before and a 5-year average for May of 2,208,000 cases. Relatively high feed costs and high chicken prices together with the more direct effects of the drought have reduced receipts. This reduction is likely to continue for several months. It has been responsible to some extent for the lower level of consumption.

Receipts of dressed poultry at the four markets during May were 19,200,000 pounds as compared to 22,700,000 pounds a year before and a 5-year average of 19,400,000 pounds. This is somewhat more than the usual increase in receipts for May, but those of April were abnormally low. Drought is tending to reduce flocks and increase marketings.

Cold storage stocks of shell eggs on June 1 were 7,815,000 cases as compared to 8,062,000 cases a year before and a 5-year average of 7,442,000 cases. Stocks are increasing slightly more rapidly than the 5-year average, though not as much so as last year. Storage stocks of frozen poultry on June 1 were 39,620,000 pounds as compared with 38,100,000 a year ago and a 5-year average of 44,200,000 pounds. Storage holdings of poultry are usually a principal source of supply until late summer. Being below the 5-year level will tend somewhat to reduce the seasonal decline in chicken prices.

LAMBS

Lamb prices moved seasonally downward during May and early June, although the decline was interrupted at intervals by temporary sharp upswings. Factors affecting the price movement were the practical exhaustion of the supply of lambs from feed lots, the falling off in the volume of eastbound shipment of California spring lambs, seasonally increasing receipts of native spring lambs, large receipts of unfinished, lightweight new-crop lambs forced to market from drought areas, and labor disturbances, in the wholesale meat trade in important centers. Market supplies of lambs during the next 2 months are expected to be relatively large and will probably include a larger proportion of unfinished lambs than in the same period of 1933.

Prices of Good and Choice, old-crop fed lambs at Chicago averaged $8.81 the first week in May. Liberal receipts, together with a slow demand in the wholesale meat trade, caused the average to decline to $8.06 the week ended May 20. A sharp advance during the last week of the month was followed by another decline in early June. The average price of Choice spring lambs during the second week of May was $10.98, compared with $7.50 a year earlier. Prices were sharply lower the following week but most of this decline was recovered the last week in the month. Prices again broke sharply during the first week in June and brought the average down to $8.86. This was $2.10 less than 4 weeks earlier and 75 cents higher than a year earlier.

Prices of dressed lamb at New York fluctuated in about the same manner as prices of live lambs at Chicago. Unusually large offerings of low grade, lightweight carcasses together with a strike of meat handlers employed by wholesale distributors in New York City in early June tended to demoralize trading in the wholesale markets in that city.

Federally inspected slaughter of sheep and lambs in May totaled 1,244,491 head. This was an increase of 80,592 head, or 6.9 percent over April, and a decrease of 360,299 head, or 17.3 percent under May 1933.

The slaughter in May this year compared with that of May 1933 was due largely to smaller supplies of fed lambs and to the fact that the movement of new crop lambs from the Southeastern States was delayed.

Conditions indicate that the 1934 lamb crop probably will not be greatly different from that of 1933, but with drought conditions tending to force lambs to market earlier than usual from much of the western sheep area, and southeastern lambs late in moving, marketings during the next 2 or 3 months are expected to be relatively large. Supplies will include a large proportion of low quality lambs and this will result in an unusually wide price spread unless drought conditions are greatly relieved, thus insuring a more promising outlook for feed supplies and a better demand for feeder lambs than is now indicated.

WOOL

The decline in the domestic mill consumption of wool in recent months and the present inactivity in the wool goods market may result in some further weakness in domestic wool prices in the summer months, although no marked decline is in prospect. Reports indicate that apparent supplies of wool abroad are smaller than a year ago, but it now seems probable that the domestic wool clip in 1934 will be about as large as that of last year. The inactivity which has characterized the domestic market since February continued through May and early June. Further slight declines in prices, chiefly on fleece wools, were reported during May. The continued weakness in domestic wool prices may be attributed largely to the low rate of activity in the wool manufacturing industry and to the uncertainty regarding fall consumption. Foreign wool prices also continued to weaken during May.

Trading in new clip wool continues very slow. Only 15,000,000 pounds of domestic wool were reported received at Boston in April and May of this year, whereas last year receipts for that period were 24,000,000 pounds and the average for those months in the years 1928-1932 was 27,000,000 pounds. The tendency of growers, particularly in the Western States, to withhold wool from sale may have had a stabilizing effect in the eastern market.

Foreign markets show little change. The present selling season is practically over in Southern Hemisphere centers. The extension to June 30 of the German embargo on import purchases of wool and semi-manufactures has made the outlook in European countries very uncertain and trading and manufacturing activity have declined in England and France.

Quotations for fine (64s, 70s, 80s) strictly combing territory wool at Boston averaged 84.5 cents a pound, scoured basis, for the week ended June 9. This was a decline of only 1/2 cent a pound from the average for the week ended May 12. The price of this wool averaged 68 cents a pound in the week ended June 10, 1933. Territory 3/8 blood (56s) averaged 78 cents a pound scoured basis the first week of June 1934, compared with 79 cents a pound for the week ended May 12 and 61 cents a pound for the week ended June 10, 1933. The United States average farm price of wool was 23.4 cents a pound on May 15 compared with 26.2 cents on April 15 and 17.7 cents on May 15, 1933.

Consumption of wool by United States mills reporting to the Bureau of the Census in April was considerably smaller than in March and was also smaller than in April 1933. The index of consumption of combing and

clothing wool (grease basis) adjusted for seasonal variation was 64 (1923-1929 = 100) in April compared with 72 in March and in April 1933. Consumption of such wool in the first 4 months of this year was smaller than in any recent year with the exception of 1932. Consumption of carpet wool also declined in April but consumption for the first 4 months of the year was greater than in the same period of 1933 and 1932. Advance fall buying in the wool goods market is reported to be slow. The New York Wool Top Exchange Service reported, however, that a slight improvement was evident in the goods market the first week of June.

United States imports of combing and clothing wool for consumption, which include withdrawals of wool from bonded warehouses, were 12,729,000 pounds in the first 4 months of 1934 whereas imports of carpet wool were 39,341,000 pounds. Corresponding monthly figures for 1933 are not available but general imports, minus reexports for these months show net imports of 2,328,000 pounds of combing and clothing wool and 18,020,000 pounds of carpet wool.

Supplies of wool from Southern Hemisphere countries in the 1933-34 season now drawing to a close were smaller than in the previous season due to a decline in production and a smaller carry-over. On May 1 apparent supplies 1/ in the five principal Southern Hemisphere countries were approximately 24 percent lower than at the same date of 1933 and 36 percent below that date of 1932. The decline in exports of wool for the season up to May 1 compared with a year earlier was approximately 8 percent. Total exports to May 1 from the five principal Southern Hemisphere countries were approximately 1,571,000,000 pounds compared with 1,708,000,000 pounds in the same period of the previous season and 1,481,000,000 pounds in the 1931-32 season.

COTTON

Domestic cotton mill activity was well maintained during May despite the low level of sales and the continued reduction in unfilled orders. However, for a period of 12 weeks beginning June 4 the maximum number of hours most of the machinery is to be permitted to operate under the NRA code is 25 percent below the previous maximum and this may reduce cotton consumption 10 to 15 percent. During the first part of June domestic sales of cotton textiles improved somewhat. Foreign mills on the whole continued fairly active during April and May. From May 1 to June 9 domestic cotton prices advanced almost 1-1/2 cents per pound and on the latter date Middling 7/8 inch cotton in the ten markets averaged 12.12 cents, the highest for nearly 3 months. Due to the unusually high exports in May last year and to Germany's temporary prohibition on cotton imports, domestic exports in May this year were 52 percent less than a year earlier. Weather conditions in the domestic Cotton Belt have on the whole been fairly satisfactory this season. Preliminary reports indicate that the 1934-35 cotton acreage in at least some of the important foreign countries will be larger than last year.

Although domestic cotton consumption in May was well maintained compared with the months immediately preceding, it was 16 percent less than the unusually high consumption of May last year, but 57 percent higher than

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1/ Production plus carry-over minus exports. No deduction made for comparatively small quantities consumed locally.

in May 1932. Total consumption of all cotton for the month amounted to 520,000 running bales compared with 513,000 bales in April and brought the total for the 10 months ended May 31 to 4,978,000 bales, or 139,000 bales more than for the same period last season. Trade reports indicate that sales and shipments of cotton goods during May were less than production causing a further accumulation of stocks and a decrease in unfilled orders. The continued reduction in unfilled orders and the fact that activity is usually reduced somewhat during the summer months are given as the reason for the enforced reduction which began June 4. Under the terms of the Cotton Textile Code of the NRA the maximum number of hours the machinery is permitted to operate was reduced from 80 to 60 hours per week for a period of 12 weeks. It has been unofficially estimated that this would reduce consumption about 10 to 15 percent. With the beginning of the curtailment and the continued strengthening of cotton prices, sales of cotton goods apparently increased during the first week of June.

Mill activity in foreign countries probably averaged slightly lower in May than in the preceding months, though total cotton consumption outside the United States was probably somewhat larger than in May last year. Activity in Japan continued at near record levels and in Germany mills were more active for this season of the year than for several years.

Total exports of American cotton from August 1 to May 31 amounted to 6,769,000 running bales, a decline of about 344,000 bales compared with the like period last season. During the first 9 months of the season exports were only 36,000 bales less than a year earlier but owing to the unusually heavy exports in May last year(with the speculative buying growing out of the improvement in the general business outlook) and Germany's temporary prohibition on cotton imports the 285,000 bales exported in May this year were nearly 307,000 below those of May 1933.

From May 1 to June 1 the average price of American Middling 7/8 inch cotton in the ten designated markets advanced about 1 cent per pound. During the next few days there was a further advance of almost one-half cent with the ten markets on June 9 averaging 12.12 cents, the highest since the middle of March; nearly 2.0 cents above the average for June 1933, and nearly 2-1/2 times as high as the average in June 1932 of 4.99 cents. On May 24 the average price of three types of Indian cotton at Liverpool (Broach, Oomra, and Sind) was 73.3 percent of the average of American Middling and Low Middling. The average ratio of Indian to American in April was 69.2 . Compared with recent years, Indian is still cheap relative to American. In May last year the ratio was 82.4, in May 1932 it was 88.1, and in May 1931 it was 74.9.

On the whole weather conditions in the Cotton Belt have been fairly favorable during most of the present season though during May and the first 10 days in June rainfall in the Eastern States was considerably above normal and in Texas and Oklahoma was considerably below normal.

Unofficial reports from Egypt indicate that the 1934-35 acreage will be higher than that of last year and the same is indicated for Mexico. In Russia, plantings have been running ahead of last year so that the planned acreage may be executed in full. The plan, however, calls for an acreage 6 percent less than the plan for 1933-34.

Business statistics relating to domestic demand

Year and month	Industrial production 1/	Factory payrolls 2/	Factory employment 2/	Commodity prices: United States: Prices paid farmers 3/	Commodity prices: United States: Wholesale 4/: 1910-1914=100	Commodity prices: United States: Wholesale 4/: 1926=100	Commodity prices: Foreign 5/: In foreign currency	Commodity prices: Foreign 5/: In dollars	Interest rates 6/	Industrial stock prices 7/
	1923-1925 = 100						1926 = 100			
1929 -										
July	124	107	106	140	141	96	94	96	6.00	344
Oct.	118	112	108	140	139	95	94	96	6.19	321
1930-										
Jan.	106	96	97	134	135	92	90	92	4.94	252
Apr.	104	98	96	127	131	90	86	88	3.88	288
July	93	84	90	111	123	84	83	84	3.16	232
Oct.	88	82	88	106	121	83	80	81	2.92	196
1931-										
Jan.	83	70	80	94	114	78	76	77	2.85	168
Apr.	88	74	81	91	109	75	76	76	2.38	162
July	82	66	77	79	105	72	74	73	2.00	143
Oct.	73	61	74	68	103	70	72	66	3.50	102
1932 -										
Jan.	71	54	69	63	98	67	71	60	3.88	79
Apr.	64	50	66	59	96	66	69	60	3.73	63
July	58	40	59	57	94	64	67	56	2.54	46
Oct.	66	45	64	56	94	64	68	55	2.07	64
1933-										
Jan.	65	40	60	51	89	61	68	54	1.44	62
Feb.	64	40	61	49	87	60	67	54	1.25	56
Mar.	60	37	59	50	88	60	66	54	3.30	58
Apr.	67	39	60	53	88	60	66	55	2.60	65
May	77	43	63	62	92	63	67	62	2.09	82
June	91	47	67	64	95	65	68	66	1.91	94
July	100	51	72	76	101	69	68	75	1.75	100
Aug.	91	57	76	72	102	70	68	73	1.75	98
Sept.	84	59	80	70	103	71	69	78	1.53	100
Oct.	77	59	80	70	104	71	69	78	1.50	93
Nov.	73	56	76	71	104	71	69	85	1.50	96
Dec.	75	54	74	68	103	71	68	84	1.50	99
1934-										
Jan.	78	54	73	70	105	72	69	84	1.50	103
Feb.	81	61	78	76	107	74	69	86	1.50	107
Mar.	85	65	81	76	108	74	69	87	1.26	102
Apr.	85	67	82	74	107	73	69	86	1.25	104
May				74					1.18	95

1/ Federal Reserve Board index, adjusted for seasonal variation.
2/ Bureau of Labor Statistics indexes, without seasonal adjustment.
3/ United States Department of Agriculture, August 1909-July 1914=100
4/ Bureau of Labor Statistics index.
5/ Weighted average of index for eight foreign countries - United Kingdom, Canada, Japan, France, Italy, Germany, China, and the Netherlands.
6/ The Annalist. Average of daily rates on commercial paper in New York City.
7/ Dow-Jones index is based on daily average closing prices of 30 stocks.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

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THE PRICE SITUATION, JULY 1934

FARM PRICES

Market prices indicate that the general level of farm prices is somewhat higher than in mid-June. Prices of cotton, hogs, and some cattle are higher than a month ago, whereas grain prices are somewhat lower. Farm prices in mid-June were at the highest level in 3 years.

Prices received by farmers on June 15 were 77 percent of the pre-war level compared with 74 in May and 64 in June 1933. Prices paid by farmers for commodities in June were 122 percent of the 1910-1914 average, compared with 121 in May and 103 in June last year. The ratio of prices received to prices paid by farmers, increased 2 points in the month ended June 15 to 63 percent of the pre-war level compared with 62 a year earlier.

Cash income from the sale of farm products in May 1934 is estimated at $425,000,000, the same as a year ago, and an increase of $45,000,000 from April which is about the usual seasonal increase. Cash income from the sale of farm products in May was 58 percent of the 1924-1929 average. Rental and benefit payments in May amounted to $16,000,000 compared with the low of $7,000,000 in April. In the first 5 months of this year the cash income from the sale of farm products amounted to $2,019,000,000 compared with $1,609,000,000 in the corresponding period of 1933, an increase of 25 percent. Adding rental and benefit payments of $120,000,000 brought the total cash receipts for the first 5 months of 1934 to $2,139,000,000 or 33 percent above the income for the same months of 1933.

The general level of farm wage rates rose 2 points in the second quarter of 1934 to 90 percent of their pre-war average on July 1 compared with 78 a year earlier. However, this was only one-third of the usual seasonal increase from April 1 to July 1. Acreage curtailment this year coupled with the extensive drought has retarded the demand for farm labor. Consequently, wage rates increased less than seasonal despite some reduction in the supply of available farm workers.

WHOLESALE PRICES

The general level of wholesale prices advanced 1 percent in June to 109 percent of the 1910-1914 average. In the latter part of June wholesale prices were about 5 percent above this year's low point and one-fourth higher than at the post-war low in March 1933. Market prices of farm products are 13 percent above their 1934 low and over 60 percent above their 1933 low. Food prices this year have risen about the same as farm products and are now one-third above the 1933 low point.

Commodities other than farm and food products are only 1 percent above the year's low which occurred the first week in January and 20 percent above the post-war low in March 1933. Prices of textiles and "hides and leather," which increased sharply last year, have declined somewhat during the last 4

months. The upward trend in prices of building materials and house furnishing goods seems to have been checked, at least temporarily. However, these goods are now over 50 percent above the pre-war average and relative to pre-war they are the highest priced groups of commodities on the market.

Wholesale prices in Germany have risen a little in recent weeks, whereas prices have been steady in England and Italy and declined in France to a new low point.

BUSINESS CONDITIONS

The trend of industrial activity in July and August is uncertain but indications point to slightly more than the usual seasonal recession in these months. Steel activity declined sharply the last week in June and the first week in July and is expected to continue somewhat below the level of operations which prevailed during the second quarter of the year. Cotton textile production was also curtailed during June and is likely to continue at reduced levels during July and August. Automobile production will probably make the usual seasonal recession during the next few months. This lower level of activity in the major industries may be partly offset by increased government disbursements and increased building under the Home Building and Improvement Program. World trade during the first 4 months of 1934, valued in terms of gold, was lower than during the same 4 months of 1933 and present indications are for little improvement in the near future. Business activity in several European countries has shown slight recessions in recent weeks especially in France and Germany.

Industrial production in June was slightly lower than in May with further declines occurring in the first week of July. Steel production during the first 3 weeks of June continued at about the same levels as in May and then declined from a level of approximately 60 percent of capacity in the third week in June to a little over 20 percent in the first week of July. Operations were increased during the second week of July but are still considerably below the level of the first 3 weeks of June. The outlook for steel output during the third quarter is uncertain. Inventories were built up prior to the price advances for the third quarter of the year and recently prices have been reduced in certain lines of steel products. Beginning June 4, textile machinery operations under the code were cut 25 percent for a period of 12 weeks and this has resulted in a material reduction in the production of cotton textiles. Production of wool textiles has been declining more than seasonally since March and production of silk textiles declined sharply from May to June. Automobile production declined sharply in May after reaching a new peak for the year in the last week of April. In June, however, production turned upward again and the total output of automobiles for the month of June was only slightly below that for May. Automobile production usually declines sharply from May or June to October or November and production in the next few months is expected to follow about the usual seasonal trend.

Freight carloadings have remained relatively steady since April, after allowing for the usual seasonal increase. Electric power production continued to increase gradually during June. Total building contracts awarded during the first 19 days of June averaged slightly lower than in May. Some increase in contracts awarded for residential construction was more than offset by declines in public utilities and "all other" construction. The

seasonally adjusted Federal Reserve Board index of department store sales for June was 73 percent of the 1923-1925 average compared with 77 for May and 68 for June last year. The dollar value of sales in June 1934 was 7 percent higher than in June 1933. Employment and payrolls in May, after adjustment for the usual seasonal changes, were practically unchanged from April and little change is expected from May to June.

Business activity in foreign countries has shown little improvement in recent months with declines occurring in several countries. The Economist index of business activity in Great Britain has declined slightly since March. The political revolt in Germany overshadowed industrial activity in the past month but indications are that the economic situation in Germany is becoming more tense. Imports exceeded exports in both April and May. The embargo on imports of many important commodities has been extended and closer government supervision of industrial production and trade has been established. The gold coverage of the mark has been reduced to only 2 percent of the currency in circulation due to increases in the amount of bank notes in circulation. Business activity in France has continued to decline and the policy of deflation announced about 2 months ago has so far made little progress. In Canada, a substantial expansion in industrial activity early in June resulted in the greatest increase in employment that has been reported in any month since June 1930. The government is starting a $40,000,000 building program in the next few weeks which should further relieve the unemployment situation. Both Canadian imports and exports are running considerably higher than a year ago. In Japan, industrial activity has been well maintained. In China, foreign trade remains at a low level but building of roads and other construction, is increasing.

WHEAT

United States wheat prices are likely to average somewhat above the levels of early July during most of the 1934-35 marketing season. They will probably be subject to rather wide fluctuations during at least the remainder of the summer, however, due to uncertainty as to the final outturn of the United States crop and the method of disposing of the Pacific Coast surplus. World prices during the early part of the season will depend upon European and Russian crop conditions. Later in the season price movements will depend largely upon production in and exports from the Southern Hemisphere.

The world wheat carry-over appears to be about 50,000,000 bushels smaller than last year. Stocks in the principal exporting countries are about 80,000,000 bushels smaller, but this is partially offset by increased stocks in European countries. A much smaller crop than last year is assured for the Northern Hemisphere excluding Russia and China. Present indications suggest a reduction from last year of nearly 300,000,000 bushels. The decrease is mainly in the United States and Europe, Canada being expected to have a crop about 100,000,000 bushels larger than last year. The reduction in the Danube Basin is now indicated to be about 125,000,000 bushels, while the other 21 countries of continental Europe for which estimates are available are now expected to produce about 200,000,000 bushels less than in 1933.

The total United States crop is now forecast at 484,000,000 bushels and if the carry-over amounts to about 265,000,000 bushels, would provide a total supply of 749,000,000. This compares with a probable domestic utilization of about 625,000,000 bushels and would leave a carry-over at the

end of the season of about 125,000,000 bushels if there are no net exports or net imports. Hard red winter production is indicated to be 204,000,000 bushels, soft red winter 153,000,000 bushels, hard red spring 57,000,000 bushels, durum 7,000,000 bushels and white wheat 63,000,000 bushels. An analysis of the prospective supply and distribution by classes indicates that there will be a shortage of hard red spring and durum wheats and a small surplus of hard red winter and white wheats. Hard red winter wheat can be fairly well substituted for hard red spring, but the substitution of other wheats for durum is less satisfactory. With the carry-over of durum extremely small, and the new crop only about sufficient for seed requirements, durum supplies will not be sufficient to meet even a very greatly reduced domestic utilization and considerable amounts may be imported from Canada. In the case of hard red spring wheat, on the other hand, a somewhat restricted consumption combined with a very small carry-over will avoid the need of large importation. Only in the case of white wheat does there seem likely to be a burdensome surplus. To some extent the surplus of white wheat in the Pacific Northwest may be substituted for other wheats east of the Rockies. However, white wheat is most readily substituted for soft red winter and soft red winter supplies appear to be large enough to take care of a moderately large domestic utilization. Consequently, it is likely that some white wheat will be exported from the Pacific Northwest.

Wheat prices in the United States declined during most of June and the first week of July, but rose following the July 10 crop report which indicated a production of about 15,000,000 bushels smaller than the June report, and a somewhat greater reduction from private estimates issued about July 1. During the past month prices at Liverpool and other world markets have shown very much smaller changes and are at levels much below wheat prices in the United States.

The United States average farm price of wheat as of June 15 was 78.9 cents per bushel compared with 69.5 cents a month earlier , and 58.7 cents in June 1933. Market price changes since mid-June suggest that the July 15 average farm price may be slightly lower than that prevailing in mid-June.

The decline of market prices of wheat in the United States during June was shared by all classes. At Kansas City No. 2 Hard Winter declined from 95.8 cents for the week ended June 2,to 87.9 for the week ended July 7. During the same period No. 2 Red Winter at St.Louis declined from 90.4 cents to 89.0; No. 1 Dark Northern Spring at Minneapolis from 110.0 to 97.5 cents; and No. 2 Amber Durum from 117.8 to 108.1 cents. Because of changes in some of the grades of wheat, incident to the adoption of the new standards, however, these comparisons are not altogether satisfactory. Prices in foreign markets have been much more stable than in the United States. Thus, at Liverpool July futures rose from an early May level of about 67 cents per bushel to a peak in early June of about 75 cents, while during the same period July futures at Chicago rose from 77 cents to a peak of over 102 cents. The subsequent decline brought Liverpool futures down to about 69 cents per bushel, whereas Chicago futures dropped to a closing level of 87 cents on July 2.

The prospect that world market supplies of wheat may be less abundant a few months hence than they are at the present time is reflected in the relationship between prices of the different futures at Liverpool. October futures have been selling about 5 cents per bushel higher, and December futures at about 7 cents per bushel higher than July futures in that market. At Chicago, on the other hand, September futures have been selling only about

1 cent and December futures about 2 cents higher than July.

Smaller supplies in the Northern Hemisphere will probably result in some further improvement in world prices as the pressure of marketings from the Southern Hemisphere decreases. However, any changes in prospects for Northern Hemisphere crops during the next few months will affect the price outlook. Of especial importance will be evidence concerning the amount of wheat which may be exported from Russia. Present prospects suggest only small, if any, exports from that country. The final outturn of the crop in Canada and in the importing countries of Europe will also be of importance. The smaller crops which are being harvested in the importing countries will not, however, result in a correspondingly large increase in their imports, for the demand for foreign wheat is restricted by adverse business conditions and exchange controls in many European countries.

The United States crop now indicated is likely to be nearly 150,000,000 bushels smaller than domestic utilization for 1934-35. Such a crop will result in prices being maintained well above world markets throughout most, if not all, of the current season.

During the first week of July, December futures at Chicago were only about 12 cents per bushel above Liverpool. They seem likely to average somewhat higher relative to Liverpool and if prospects for advancing prices of cash wheat at Liverpool are borne out, this would mean a level of prices in the United States higher than that which prevailed in early July.

Since United States supplies are just about equal to probable domestic utilization plus a normal minimum carry-over, small changes in crop prospects may be expected to result in large changes in United States prices. The prospective methods of disposal of small regional supplies will also have a very important bearing upon domestic prices. Because of the uncertainty of these factors price fluctuations in the United States are likely to be especially great during the next few months, prices east of the Rockies at times rising to a point where importations from the Argentine or Canada are imminent. Total importations however, are likely to be very small. In only 1 year, 1837, has the United States had a net import of wheat including flour.

CORN

Unless there should be further deterioration of the corn crop any marked advance is likely to be followed by a decline in prices during the latter part of July or August, as some of the corn stored against government loans becomes available for market. On the other hand there is likely to be less than the usual seasonal decline in corn prices from August to November on account of the small crop of corn and other feed grains.

The United States average farm price of corn as of June 15 was 56.0 cents per bushel, compared with 48.6 cents a month earlier, and 40.2 cents in June 1933. Market prices of corn, after rising during May,

declined during early June, and then resumed their rise during the latter part of the month. Thus, at Chicago, No. 3 Yellow declined from 57.2 cents for the week ended June 2 to 56.8 cents per bushel for the week ended June 9, and then rose to 60 cents per bushel for the week ended June 30. For the week ended July 7, it averaged 59.6 cents.

Corn marketings continue at a low level, receipts at primary markets amounting to 9,500,000 bushels, compared with 8,000,000 bushels in May, 34,000,000 for June of last year, and an average for June of the past 5 years of 18,400,000 bushels. Owing largely to the low level of receipts, commercial stocks have continued to decline; amounting to 37,000,000 bushels as of July 7, compared with 46,000,000 on June 2, and a high point for the year of 70,000,000 bushels on February 24. Though there has been a rapid decline during the past few months, stocks are still above average levels for this season of the year. On July 8 of last year corn stocks amounted to 52,000,000 bushels, but the average for the past 5 years is 18,500,000 bushels. Wet process grindings during June amounted to 6,700,000 bushels, compared with 5,300,000 in May, 5,473,000 for June 1933, and an average for the month of June of the past 5 years of 5,700,000 bushels.

The corn crop is now forecast at 2,113,000,000 bushels, compared with 2,344,000,000 last year, and an average of 2,516,000,000 for the 5 years 1927 to 1931. Crops of other feed grains are also indicated to be much below average. Thus, the oats crop is placed at 568,000,000 bushels, compared with 732,000,000 last year, and a 1927-1931 average of 1,187,000,000 bushels, while the barley crop is forecast at 125,000,000 bushels, compared with 157,000,000 bushels last year, and an average of 270,000,000 bushels for the 5 years 1927 to 1931.

Not only is the crop indicated to be smaller than last year, but the official report indicates a crop smaller than was forecast by the private reports issued about July 1. As a result of the unexpectedly small forecast prices of corn futures at Chicago rose 4 cents per bushel on the 11th, this was followed by a decline, but unless there is improvement in the prospect for the crop during July, it seems likely that prices during the remainder of the month may average above those of the first week of July. The price rise will nevertheless be limited by the large farm reserves of corn. There still remain about 257,000,000 bushels of corn stored against government loans. If considerable quantities of this corn are sold prior to August, when the loans become due, this will tend to check any rise. Total farm stocks of corn as of July 1 are estimated at 470,000,000 bushels compared with 628,000,000 bushels last year, and an average of 442,000,000 bushels as of the corresponding date of the past 5 years. This moderate level of farm stocks, together with the small new crop forecast, indicates that prices are likely to be well maintained during the next few weeks.

Prospects are that the demand for corn for feeding will be increased during the coming year as a result of very small supplies of other feed grains, the small production of hay, and the poor condition of pastures. The increase in the demand from these sources, however, will be partially offset by a decrease in demand due to the reduction in the number of hogs. Present prospects are that the small corn crop, together with the small crop of other feed grains, will result in the seasonal decline of corn prices from August to December being much less this year than usual. The reduction

in hog numbers on the other hand, will probably tend to limit the seasonal rise in prices which usually occurs from December to May or June.

POTATOES

Market prices of 1934 crop potatoes declined almost steadily during June as shipments from the second early and intermediate states became heavy. Estimated production in the intermediate group of states is about 29 percent larger than in 1933 and in the late states 4 percent larger. Consequently prices may continue their downward trend until late fall but the decline may not be more than the usual seasonal decline. The large supply of early and intermediate potatoes has tended to force prices downward earlier than usual.

Potato prices at New York averaged $1.18 per 100 pounds during the first week of July compared with $1.59 the first week of June and $2.68 a year ago. At Chicago they averaged $1.55 against $1.65 a month earlier and $2.75 a year ago. Shipping point prices followed much the same trend as market prices; those at Washington, N.C., dropping from $1.21 to $1.02 per 100 pounds during the month of June whereas those at Pocomoke City, Md., declined from $1.52 on June 9 to 84 cents on July 6. The United States farm prices of potatoes averaged 64.4 cents per bushel on June 15 compared with 73.7 cents on May 15, 49.4 cents on June 15, 1933, and 71.8 cents the 1910-1914 June average. For the 1933-34 crop season United States farm prices averaged 84 cents per bushel or slightly more than double those of the 1932-33 season and the highest since the 1930-31 season. The higher farm prices during the past season were due largely to the scarcity of late crop potatoes in New York and the North Central States.

The United States acreage of potatoes for harvest this season is estimated at 3,383,000 acres or 5.8 percent larger than that of a year ago. July 1 conditions indicate that yields may average only slightly above those of 1933 and that the production will probably total 348,000,000 bushels. This production would be about 28,000,000 bushels greater than in 1933 but 17,500,000 bushels less than the 1927-1931 average. The crop in the 30 late states is expected to exceed the 1933 crop by 10,600,000 bushels with the crop smaller in the West but larger in the Central and Eastern States. Production in the intermediate states is about 8,300,000 bushels greater than the short crop of 1933, and in the early states about 8,800,000 bushels greater.

Shipments of potatoes from the second early and intermediate states, the principal shipping sections at this time, have been unusually heavy during recent weeks. The total movement of 1934 crop potatoes has averaged well above 5,000 cars per week compared with only about 4,000 cars per week in 1933. The total movement to June 30 of this year's potatoes is close to 38,000 cars against slightly more than 31,000 cars last year. Shipments of 1933 crop potatoes have about ceased, only a few from Maine, Michigan, and Wisconsin are still moving.

HOGS

The sharp advance in hog prices, which started after the first week in June in response to a marked curtailment in supplies for slaughter and which carried prices up more than $1.25 per 100 pounds, was checked during the third week of the month and prices have since reacted slightly from the

top levels. The rapidity of the advance tended to cause buyers to become cautious. Other factors tending to depress prices have been seasonally increasing marketings of packing sows, a continuance of some liquidation of unfinished hogs from the most acute drought sections, and unusually high seasonal temperatures in the eastern consuming areas which have restricted the demand for meats. Slaughter supplies of hogs during the remainder of the summer, however, are expected to be considerably smaller than those of the same period last year and it is not unlikely that some furhter seasonal advance in prices may occur.

The rise in hog prices in June carried prices at Chicago to the highest levels since last October. The weekly average at that market rose from $3.33, recorded the week ended June 9 and the lowest weekly average since last December, to $4.71 the week ended June 23. The recession which followed carried the average down to $4.51 the week ended July 7. The Chicago average for the month of June was $4.09 compared with $3.51 for May and $4.49 in June last year. Including the processing tax of $2.25 per 100 pounds, the average cost of hogs to packers in June was $6.34 per 100 pounds, or $1.85 more than in June of the previous year. The advance in prices during June was about the same on all weights of hogs. In recent months, however, heavy weight hogs have commanded a premium because of this scarcity.

Inspected hog slaughter in June, totaling 3,763,000 head, was about equal to the 5-year June average but was 11 percent smaller than the very large slaughter in May and 18.6 percent smaller than the record slaughter of June last year. Rains in many areas of the Corn Belt about mid-June relieved the drought situation partially and temporarily, at least, and hog marketings were curtailed as a result. Average weights of hogs slaughtered during June showed some increase from May as is normally the case, but they were much lighter than in June 1933.

Based on farm prices as of June 15, the hog-corn price ratio in the Corn Belt States was 7.1, which is the lowest ratio for any month in the years since 1910 for which records of farm prices of both corn and hogs are available.

Wholesale prices of fresh pork advanced sharply as hog slaughter supplies were curtailed during the latter half of June, but they weakened in early July. Prices of cured pork and lard also advanced during the last half of the month, but the advance was much less marked than in case of fresh pork. The composite wholesale price of hog products at New York averaged $14.15 per 100 pounds in June compared with $13.10 in May and $11.20 in June a year earlier. The average price for June this year was the highest for any month since November 1931.

The composite retail price in New York of the principal hog products in June was 17.8 cents per pound compared with 17.1 cents in May and 15.2 cents in June last year, and was the highest price reported since February 1932.

Supplies of pork in storage decreased nearly 14,000,000 pounds in June whereas in June last year they increased about 90,000,000 pounds. Lard stocks, on the other hand increased about 14,000,000 pounds compared with an increase of 75,000,000 pounds a year earlier when hog slaughter was

unusually large. Pork stocks on July 1, totaling 628,000,000 pounds were 17 percent smaller than both a year earlier and the 5-year July 1 average. The relatively large holdings of lard were again increased and the total of 196,000,000 pounds on July 1 was 5 percent larger than that of a year earlier and 30 percent in excess of the 5-year July 1 average. Last year storage holdings of both pork and lard continued to increase during the summer and early fall but in view of the probable reduction in hog slaughter during the next few months it is likely that stocks of these products have reached their peak and will become smaller as the season advances.

Exports of both pork and lard increased during May, but the increase was much greater in lard than in pork. Exports of the latter in May were 68 percent larger than those in April and were 44 percent greater than in May last year. Lard exports in May totaling 66,623,000 pounds, were the largest for any month since January 1933 and were the largest for May since 1925. A large part of this increase represented increased shipments to Great Britain. Exports to the Netherlands also increased as did those to Cuba, and shipments to Mexico continued to be of substantial proportions. Shipments to Germany on the other hand were less than half as large as in May last year. Exports of lard from the principal ports in June continued substantially larger than a year earlier, but those of pork were somewhat smaller.

The 1934 spring pig crop, as indicated by the June pig survey was estimated at 37,427,000 head. This represents a decrease of 28 percent from the 1933 spring pig crop. The reduction resulted largely from a decrease in the number of sows farrowed, since there was but little change in the average number of pigs saved per litter. A prospective decrease of 38 percent in the number of sows to farrow in the fall of 1934 also was indicated by the survey. The decrease in pigs saved and in indicated farrowings is the largest for any single year as shown by the records of hog slaughter for the last 50 years. The decrease in the spring pig crop was general all over the United States. In the North Central States the largest decreases were in the states most severely affected by the drought of 1933 where feed supplies were very short.

If the number of sows farrowed in the fall of 1934 is about the same as now indicated and if the number of pigs saved per litter is about average, the total 1934 pig crop probably will be the smallest in at least 20 years. Based on these indications inspected hog slaughter in the hog marketing year beginning October 1, 1934, will also be the smallest in many years, and it may be as small as in the marketing year 1914-15 when it totaled only 36,707,000 head.

The number of hogs over 6 months of age on farms on June 1, 1934, as indicated by the pig survey was considerably smaller than on June 1 last year. For the United States as a whole, the decrease amounted to 12 percent, and for the Corn Belt it was 14 percent. These indicated decreases reflect the early marketing of the 1933 fall pig crop, which was caused by the unfavorable relationship between hog prices and corn prices and also by drought conditions and feed shortage in some areas. In view of the smaller numbers of hogs over 6 months of age now on farms, a further reduction in hog slaughter during the remainder of the summer marketing season (July to September) appears probable. The extent of the reduction, however, will depend upon how serious drought conditions become during the next 2 months in the Corn Belt region.

CATTLE

A progressive reduction in the supply of fed cattle during the next few months will tend to support the prices of such cattle, but in view of the high level of prices for such cattle in relation to other kinds of meat animals, it does not seem that any appreciable increase over the June high point is likely unless the prices of other meat animals also advance. As long as cattle supplies come in volume comparable to that of June there is not much chance for prices of low grade cattle to make any recovery, but the scale of government prices will tend to establish minimum market prices for such cattle.

Slaughter cattle prices continued to strengthen during most of June and the advances carried the prices of the better grades to the highest point reached since the fall of 1932. The top on choice, medium and heavy weight steers reached $10.35 and the average weekly price of choice steers, the week ended June 23, reached $9.23. Both the top and the average were about $4.00 per hundred above the low point reached early in 1933. The prices of lower grade cattle advanced a little but the spread between common and choice steers continued to widen. During the last week in June prices declined, but the average price of all grades of steers, except common, was higher than during the first week of the month.

Stocker and feeder cattle prices declined during June, reflecting the poor pasturage and unfavorable prospects for feed crop production. Prices of low grade cows advanced during the first half of June but most of this advance was lost before the end of the month. The average price of native beef steers at Chicago for June was $7.34, compared with $6.91 in May and $5.79 in June 1933. The June 15 farm price of beef cattle was $4.00 this year, compared with $4.13 for May and $4.04 for June 1933. The lower farm price in June compared with these other 2 months probably reflected the much larger proportion of low grade cattle in the supply, since prices of most grades of slaughter cattle were higher in June than in either of the other months.

Supplies of cattle in June were very large. Receipts at seven leading markets of 801,000 head were the largest on record for the month, being 29 percent larger than June 1933 and 33 percent above the 5-year June average. About 119,000 head of the receipts at seven markets this year were drought cattle bought on government account and sent to these markets for processing. Inspected slaughter of 864,000 head was also the largest for the month on record, being 29 percent larger than the 5-year June average. Inspected slaughter of calves of 601,000 head, established a new high record for June and for all months, being 54 percent above the 5-year June average and 1,000 head larger than the slaughter in May which was the highest for all months on record up to that time.

To what extent the slaughter of cattle and calves was increased in June by government purchases over what it would have been is uncertain. The relative increase over June last year was not greatly different than similar increases in preceding months this year over the corresponding months in 1933. While it is probable that a good many of the cattle slaughtered for government account in June would not otherwise have been slaughtered, it is also probable that the fact that the government was buying cattle in certain states at prices higher than could be obtained by shipment to market resulted in cattle being kept back that otherwise would have been shipped.

The big increase in slaughter in June was doubtless largely of cows and heifers, with slaughter of these kinds the largest for June in any year. While receipts of all cattle at Chicago were about 27 percent larger in June this year than last, there was little difference in the supply of beef steers. The number of choice and good steers, however, was considerably larger this year than last, and above the average number for the month. However, the

proportion of better grades in June was more nearly normal than earlier in the year when the proportions of these were the largest on record for that time of the year.

Supplies of cattle and calves for slaughter will continue large during the remainder of 1934. It is probable that slaughter, excluding slaughter for government account, will be considerably larger than last year or the 5-year average. Total slaughter and the proportion of this for government account will be affected considerably by developments in the feed situation during the next 2 months.

BUTTER

Butter prices are probably near the seasonal low point of the year. The movement of butter into storage has been relatively light, and there was relatively little increase in consumer expenditures for butter in May compared with a year earlier. Butter production has recently been decidedly less than in 1933, and with low butterfat prices in relation to feed prices, short crops, and poor pastures, production is likely to continue below the 1933 level. The price of 92-score butter at New York in June averaged 24.9 cents. This was somewhat higher than in May, the highest for the month since 1930, and 93 percent of the 1910-1914 June average.

The farm price of butterfat in mid-June of 22.2 cents was 0.7 cents higher than a month earlier. In contrast with this relatively small increase in the price of butterfat, the farm price of feed grains rose about 17 percent. In mid-June the price of butterfat in relation to feed grains was the lowest for the month since 1920. For the past 12 months the price of butterfat in relation to feed grains averaged the lowest in 10 years.

Dairy pasture conditions as of July 1 were reported as 51.5 percent of normal compared with 53.3 on June 1. Last year the July 1 condition was also seriously affected by drought, having declined from 82.5 percent of normal on June 1 to 63.5, the lowest July 1 condition on record until the new low of 51.5 this year. The previous 10-year average condition for July 1 was 79.6. Conditions in the North Central States continued the most serious, but with some slight improvement indicated in the West North Central States from 30.7 on June 1 to 34.1 on July 1.

Reported milk production of 14.98 pounds per cow on July 1 was lower even than on July 1 of last year when 15.36 pounds was reported, and accordingly the lowest on record for that date. In the South Atlantic and South Central States, however, production was practically the same as a year ago.

The estimated production of creamery butter in April of 174,700,000 pounds was 8.6 percent less than a year earlier, and the smallest for the month since 1929. The increase of 31 percent in production from April to May was somewhat less than the usual seasonal increase, and the index of production which is adjusted for seasonal variation (1925-1929 = 100) declined from 111 in April to 109 in May.

In the West North Central States where the drought has been most acute, May production was 10.0 percent less than in May 1933. In the East North Central States the decline was 11.2 percent. The North Atlantic and Pacific Coast States were the only groups of States in which production was larger than in the same month of the preceding year. Weekly reports indicate that production in June continued at a lower level than a year ago.

In 1933 butter production during the first third of the year was relatively low, but from June through November production was heavy for that season of the year. Pastures were poor but higher butterfat prices stimulated supplementary feeding. This relatively heavy production is not in prospect this year. Butterfat prices are lower in relation to feed grains, pastures are poor and the grain and hay crops will be small. These factors seem to indicate that production from June to November this year will be less than in 1933.

The movement of butter into consuming channels in May of 159,400,000 pounds was 3.1 percent less than in the preceding May. Retail prices however, were higher so that estimated consumer expenditures for butter in May were only 1 percent higher than a year earlier.

The net into storage movement of butter in June was relatively light, 43,088,000 pounds, compared with 71,200,000 pounds last year and a 5-year June average of 60,000,000 pounds. Cold storage holdings on July 1 were 70,249,000 pounds compared with 106,400,000 a year earlier.

The margin of domestic over foreign prices in early July was about the same as a year ago, but unusually wide for this season of the year. On July 5 the price of 92-score butter in New York was 24.5 cents and New Zealand butter in London 16.6 cents, a margin of 8 cents.

CHEESE

Cheese prices were higher in June than in May, and were the highest for the month since 1930. In contrast with butter, production of cheese is greater than a year earlier and stocks are relatively large. Trade output of cheese and estimated consumer expenditures for cheese are higher than a year ago.

The price of cheese (twins) on the Wisconsin Cheese Exchange in June averaged 12.5 cents. This was 1.1 cents higher than in April and 0.5 cents higher than a year earlier. The low butter production has strengthened the cheese market.

The estimated production of all cheese in May of 61,800,000 pounds was 6.3 percent larger than a year earlier. The increase in production from April to May was about the same as the usual seasonal increase. The North Atlantic States was the only group in which May production of American cheese was less than in May 1933. In Wisconsin the increase in American cheese was 3.4 percent.

Trade output of cheese in May of 59,900,000 pounds exceeded the preceding May by about 2 percent. Retail prices in May were also higher indicating that the increase in consumer expenditures for cheese was about 7 percent. This was a larger increase than for butter.

Imports of cheese in May of 3,900,000 pounds were decidedly less than a year earlier, the decrease being 29 percent.

Stocks of American cheese in cold storage on July 1 amounted to 79,554,000 pounds against 57,800,000 pounds on June 1 and a 5-year average for July 1 of 65,232,000 pounds.

LAMBS

Lamb prices usually decline during June and early July and about August 1 reach a level which fairly well represents the level of slaughter lamb prices during the balance of the grass lamb season. With a larger lamb crop in the Western States this year than last and very unfavorable prospects for winter range feed and certainty of a short hay crop, it is probable that marketings of lambs from these States will be considerably larger than last year.

Lamb prices were fairly well maintained during most of June, but made a sharp drop at the end of the month and early in July that carried the level of new crop lamb prices to the lowest point since 1934 lambs began to move. During most of June the bulk of the good and choice lambs at Chicago sold between $8.25 and $9.25, but the decline carried this range down about $1.00 with very few lambs selling over $8.00. Prices of yearling wethers - mostly shorn and from commercial feed lots - tended to follow lamb prices but prices of ewes, after declining sharply in May did not change much in June. The June 15 farm price of lambs was $6.37 compared with $6.95 in May and $5.18 in June 1933.

Market supplies of lambs were rather small for this period during the first half of June but expanded during the second half. For the whole month receipts at seven leading markets were 4 percent smaller than in June 1933 and 9 percent below the 5-year June average. Inspected slaughter of 1,259,000 head, was about 15 percent smaller than in June 1933 and 9 percent below the 5-year June average. The decrease in slaughter in June this year from last was caused by the late movement of lambs from the southeastern early lamb states and the smaller shipments to markets of yearlings and wethers from Texas. Marketings of lambs from Idaho and the Far Northwest were probably larger in June this year than last.

Present indications are that a relatively large proportion of the late lambs from the Western States will be only in feeder condition, but whether there will be an outlet for an increased number of feeders depends upon developments of the corn crop during the next 2 months. If a fair corn crop is produced and pastures in the fall are revived by adequate rainfall in early September a good demand for feeder lambs in the Corn Belt, in view of the sharp reduction in hog production, is possible. Feeding operations in the Western States, however, are apt to be reduced even below last year, when they were relatively small.

WOOL

Although dealers are reported to be purchasing more freely in Texas and the territory wool producing states, no increase in sales has been reported at the Boston market in recent weeks. Quotations on the Boston market have shown little change since the beginning of June, but sales of new clip wool have been reported through Boston dealers at prices below the nominal prices on similar spot wools at Boston. In view of the continued low level of mill activity and the recent weakness in foreign wool prices some readjustment of Boston quotations may be necessary when wool begins to move more freely. Unsettled conditions in European countries and the continued ban on wool imports into Germany make the outlook for foreign wool markets very uncertain. Present prospects for the 1934-35 season in Southern Hemisphere countries indicate

a further decrease in the South African clip and an increase in that of Australia.

Prices at the opening of the July auctions at London were mostly 15 to 20 percent below prices ruling at the close of the previous series on May 11. The declines were somewhat larger than had been expected and withdrawals were very heavy in the first week of the sales. Because of the extension of the German import ban to the end of August German buyers were absent. French buyers showed little interest and bidding was limited chiefly to English firms. The unfavorable conditions in continental European countries have resulted in slow trading in wool and wool manufactures and in declines in wool manufacturing activity in Europe.

Quotations for fine (64s, 70s, 80s) strictly combing territory wool at Boston averaged 84.5 cents a pound, scoured basis, for the week ended July 7 and territory 3/8 blood (56s) averaged 78 cents a pound. No change has been reported in quotations for territory wool at Boston since the third week in May. At the high point in March fine and 3/8 blood territory wool averaged 87.0 cents and 81.5 cents a pound respectively. The decline in prices for fleece wools has been somewhat greater. Quotations on fine Ohio and similar fleece wools averaged 78.5 cents a pound, scoured basis, the first week of July compared with 87.5 cents in March while 56s fleeces were 63.5 cents for the week ended July 7, a decline of 16 cents a pound from the March high. The United States average farm price of wool on June 15 was 21.9 cents a pound which was only slightly higher than the average of 21.3 cents for June 15, 1933. On March 15, 1934 the average farm price was 26.9 cents a pound.

Manufacturing activity in the United States wool industry was greatly curtailed in the second quarter of 1934. The index of consumption of combing and clothing wool (grease basis) adjusted for seasonal variation, was 61 (1923-1929 = 100) in May compared with 65 in April and 119 in May 1933. Consumption on a grease basis in the first 5 months of this year was 18 percent smaller than in the same months of 1933. On a clean basis however, the decline was only 10 percent. The difference on a greasy and clean basis is due to the consumption in 1934 of a larger proportion of foreign wool and wool of coarser quality which has a smaller shrinkage than fine domestic wool. Reports of improved demand for wool textiles the latter part of June, and the nearness of the fall buying season may result in some increase in mill activity in the next few months.

Receipts of domestic wool at Boston in the first half of 1934 were only 60,000,000 pounds compared with 99,000,000 pounds in the first half of 1933 and an average of 88,000,000 pounds in the 5 years, 1929-1933. The relatively small quantity received in the first half of this year was a result of the slow sale of new clip wools in the early months of the selling season. Dealers are now reported to be more active in Texas and the Western States and wool is moving in larger quantities. Imports of wool continue small.

The preliminary estimate for Australia for 1934-35 made at the combined meeting of the Councils of Wool Growers and Selling Brokers places the clip at 3,146,000 bales. This would be above the revised estimate for 1933-34. Although the coming South African clip is expected

to be smaller than that of last year the supplies available may not show much difference as indications are that the carry-over into the next season will be considerably larger than it was last year.

As a result of the falling off in demand in consuming countries and the easing of prices since the early part of 1934 many producing countries closed their sales earlier this season than usual causing some accumulation of stocks at selling centers by June 1. The quantity on hand, however, is a very small percentage of the total clip.

Apparent total supplies 1/ on June 1 in the five Southern Hemisphere countries are estimated at 19 percent below the same date of 1933. Exports from the same five countries amounted to 1,646,000,000 pounds up to June 1 and were 11 percent below last season's heavy shipments for the same period. The reduction in total apparent supplies is chiefly due to the reduced carry-over and smaller production in 1933-34.

COTTON

Despite the marked reduction in domestic cotton consumption during June and early July, the continued low level of cotton textile sales, and reports of increased cotton acreages in foreign countries prices of American cotton remained fairly steady until the official United States acreage estimate was released on July 9, following which there was an advance of about 1 cent per pound. The estimated acreage in cultivation on July 1 which was placed at only 28,024,000 acres was the smallest since 1905. Domestic cotton consumption in June declined about 30 percent compared with May, and many sections of the industry sales of goods were apparently not equal to the restricted output. The recent sharp advance in cotton prices have, however, stimulated manufacturers' sales of cotton goods. Mill activity in foreign countries was perhaps on the whole equal to that of May. In Japan, at least, the prospects are for increased activity in the near future. The information thus far received indicates that the 1934-35 cotton acreage is larger than the season before in China, and Egypt, but smaller in Russia. Practically no information on the other countries has been received.

The steady cotton prices of June and early July gave way to rather marked advances on July 9, 10, and 11, due in a considerable measure to the Crop Reporting Board's estimate of the acreage in cultivation on July 1 which was released on the 9th, and to the continuation of unfavorable weather in the eastern and western part of the Cotton Belt. The acreage figure was something like 1,000,000 acres less than the average guess of the members of the New York Cotton Exchange. On July 11 the average price of Middling 7/8 inch cotton in the 10 designated markets was 12.80 cents and on July 13 was 12.86 cents. These were the highest averages recorded for these markets since June 1930. The average price of middling in these markets for June was 12.04 cents and in June last year was 9.28 cents. The average United States farm price for June 15 was 11.6 cents, 0.6 cents higher th

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1/ Carry-over plus production minus exports to June 1. No deduction made for wool sold but not yet shipped and relatively small quantities used in local consumption.

than in May and 2.9 cents or 33 percent higher than in June last year.

During June, prices of both American and Indian cotton at Liverpool advanced, but prices of Indian were somewhat stronger so that the ratio of Indian to American increased. In May three of the principal types of Indian cotton averaged 71.7 percent of the price of American middling and low middling and during June, the price ratio averaged 72.1. However, the recent sharp advance in American has, no doubt, lowered this ratio substantially.

Domestic cotton consumption during June amounted to 363,000 running bales, according to the preliminary report released by the Bureau of the Census on July 14. This was almost 30 percent less than in May, 48 percent less than the record consumption of June last year, but 12 percent higher than the small consumption of June 1932. With the exception of June 1932, the consumption last month was the smallest for the month since 1924. The decline in the daily rate of consumption was from 22,900 bales in May to 18,600 bales in June, or 19 percent according to estimates of the New York Cotton Exchange Service based on its preliminary estimate of 390,000 bales as the June consumption. If the daily rate for June is adjusted on the basis of the official estimate of consumption it gives a reduction of approximately 25 percent in the daily rate of consumption from May to June.

Domestic sales of cotton textiles during June and early July were on the whole rather small with sales in many sections of the industry below the restricted production. There was a considerable pick-up in sales following the recent price rise, however. The rather low level of unfilled orders on hand and the restriction on the hours of machinery activity indicates that the domestic consumption of cotton during July will probably be at least 200,000 bales less than in July last year. This will mean that United States consumption for the 1933-34 season will be around 5,750,000 bales. Total domestic consumption in 1932-33 was 6,137,000 bales and in 1931-32 was 4,866,000 bales. Up to the end of May consumption for the season was 139,000 bales higher than a year earlier. Consumption of foreign cotton for the season will be around 25,000 bales larger than last season consequently domestic consumption of American cotton will be that much smaller relative to last year than the total of all cotton

Trade reports indicate that mill activity in Europe during June was on the average probably about maintained at the levels existing in May which were apparently somewhat lower than in the preceding months. In Germany activity was reported as having been increased due to larger sales and increased unfilled orders which means that Germany is reducing her stocks of raw cotton at a rather rapid rate due to the restriction on imports. In some of the other European countries new orders and mill activity declined somewhat during June. Mill consumption in Japan continued at very high levels with reports indicating that sales were on the whole probably equivalent to output. During May exports of cotton cloth from Japan were the largest on record. New spindles are being installed by Japanese spinners at a rapid rate and the restrictions on those in place have recently been reduced

with a further reduction to become effective in October.

Total exports of American cotton to all countries during June showed a marked increase over the unusually small exports of May but were smaller than the record exports of June last year. With the exception of last year exports in June were the largest for the month since 1927. Larger exports to Japan and China accounted for the relatively large shipments for the month as exports to most other countries, particularly Germany, were rather small. Exports to Japan and China (combined) for the month were nearly twice as large as in any other June since comparable data became available in 1925-26.

The acreage of cotton in cultivation in the United States on July 1 this year, was estimated by the Crop Reporting Board at 28,024,000 acres which is 31.4 percent less than the acreage in cultivation July 1, 1933 and 32.4 percent less than the average for the 5-year period 1928-1932. This is the smallest acreage planted since 1905, is about 1,700,000 acres below that of 1921 (the only other year since 1905 in which less than 30,000,000 acres were planted) and 6.5 percent below the 29,978,000 acres harvested in 1933. No official estimate of the probable production will be released until August 8.

There is comparatively little information available at present pertaining to the 1934-35 cotton crop in foreign countries. Reports indicate, however, that the acreage in China will be increased possibly as much as 10 percent with the indications pointing to at least this large a percentage increase in the Egyptian acreage. Russia's Plan on the other hand calls for procurings 13 percent less than the 1933 plan and about 10 percent less than the reported procurings for 1933. The crop now being harvested in southern Brazil is much larger than in recent years.

Business statistics relating to domestic demand

Year and month	Industrial production 1/	Factory payrolls 2/	Factory employment 2/	Commodity prices: United States: Prices paid farmers 3/	Commodity prices: United States: Wholesale 4/: 1910-1914 = 100	Commodity prices: United States: Wholesale 4/: 1926 = 100	Commodity prices: Foreign 5/: In foreign currency	Commodity prices: Foreign 5/: In dollars	Interest rates 6/	Industrial stock prices 7/
	1923-1925 = 100						1926 = 100			
1929-										
July	124	107	106	140	141	96	94	96	6.00	344
Oct.	118	112	108	140	139	95	94	96	6.19	321
1930-										
Jan.	106	96	97	134	135	92	90	92	4.94	252
Apr.	104	98	96	127	131	90	86	88	3.88	288
July	93	84	90	111	123	84	83	84	3.16	232
Oct.	88	82	88	106	121	83	80	81	2.92	196
1931-										
Jan.	83	70	80	94	114	78	76	77	2.85	168
Apr.	88	74	81	91	109	75	76	76	2.38	162
July	82	66	77	79	105	72	74	73	2.00	143
Oct.	73	61	74	68	103	70	72	66	3.50	102
1932-										
Jan.	71	54	69	63	98	67	71	60	3.88	79
Apr.	64	50	66	59	96	66	69	60	3.73	63
July	58	40	59	57	94	64	67	56	2.54	46
Oct.	66	45	64	56	94	64	68	55	2.07	64
1933-										
Jan.	65	40	60	51	89	61	68	54	1.44	62
Apr.	67	39	60	53	88	60	66	55	2.60	65
July	100	51	72	76	101	69	68	75	1.75	100
Aug.	91	57	76	72	102	70	68	73	1.75	98
Sept.	84	59	80	70	103	71	69	78	1.53	100
Oct.	77	59	80	70	104	71	69	78	1.50	93
Nov.	73	56	76	71	104	71	69	85	1.50	96
Dec.	75	54	74	68	103	71	68	84	1.50	99
1934-										
Jan.	78	54	73	70	105	72	69	84	1.50	103
Feb.	81	61	78	76	107	74	69	86	1.50	107
Mar.	85	65	81	76	108	74	69	87	1.26	102
Apr.	86	67	82	74	107	73	69	86	1.25	104
May	87	67	82	74	108	74	68	85	1.18	95
June				77					1.00	97

1/ Federal Reserve Board index, adjusted for seasonal variation.
2/ Bureau of Labor Statistics indexes, without seasonal adjustment.
3/ United States Department of Agriculture, August 1909-July 1914 = 100.
4/ Bureau of Labor Statistics index.
5/ Weighted average of index for eight foreign countries - United Kingdom, Canada, Japan, France, Italy, Germany, China, and the Netherlands.
6/ The Annalist. Average of daily rates on commercial paper in New York City.
7/ Dow-Jones index is based on daily average closing prices of 30 stocks.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

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THE PRICE SITUATION, AUGUST 1934

FARM PRICES

The severe drought which covers nearly every state west of the Mississippi River except the Northwestern Pacific Coast States and extends into a large part of the Corn Belt east of the Mississippi River is the dominating factor in the price situation for agricultural products. Prices of farm products are advancing as crops deteriorate. The index of farm prices advanced from 77 in June to 80 in July and market prices indicate an even greater advance from July to August. The severeness of the drought is indicated by the fact that the corn crop this year is the shortest since 1887, the oats crop the shortest since 1882, the tame hay crop the shortest since 1895, and the wheat crop the shortest since 1890. Due to the large carry-over of wheat into the 1934-35 crop season total supplies of wheat will be large enough for domestic requirements, and supplies of most other food crops, while slightly below the 5-year average, are slightly above those of 1933. Consequently, there will be no serious shortage of food although surpluses will be reduced.

The most acute shortage is in the supply of feed crops. The extremely poor pastures over large areas and the short supplies of feed are resulting in the liquidation of meat animals and poultry and have greatly reduced the supplies of dairy products and eggs moving to market. Over 2,500,000 head of cattle have already been purchased by the Agricultural Adjustment Administration. Present plans are to purchase an additional 5,000,000 head of cattle and 5,000,000 head of sheep and goats to relieve the feed situation in the drought areas. In addition to the purchases by the Government, the farmers in the drought areas are curtailing their herds by selling through the regular marketing channels, and the slaughter of cattle has reached the highest level on record for the summer months. This liquidation of cattle is resulting in a larger than usual supply of meat at the present time, but is likely to result in an unusual shortage of meat during the winter and summer months of 1935. The sharp curtailment in the supplies of dairy products is likely to continue through the remainder of 1934 and at least until the beginning of the pasture season of 1935. There have also been heavy marketings of poultry in recent months which are likely to be followed by smaller than average supplies of both poultry and eggs later in the season. The marked curtailment in hog production this year will result in an unusually small supply of pork during the winter and spring months. Thus it seems likely that the supplies of meat, dairy products, poultry and eggs during the coming winter and spring will be the shortest in several years.

The abnormal production and marketing of agricultural products brought about by the drought has resulted in marked price changes during the past month. The further deterioration of crops during July has been accompanied by a marked rise in the market prices of grains, hay, and cotton, and hog prices have made more than the seasonal rise. Heavy marketings of cattle have been accompanied by some price declines but the prices of butterfat and eggs have made more than the usual seasonal advance. It is thus evident that the level of farm prices is now somewhat higher than mid-July and is the highest since early in 1931. During the next few months prices of grains are likely to continue relative-

ly high or to advance further and probably will be accompanied later by a marked raise in the prices of livestock and livestock products.

The sharp rise in prices of farm products during June and July has been accompanied by heavier than usual marketings and farm income has increased more than seasonally. It is probable, however, that when the liquidation of livestock is over and the shorter supplies from the 1934 crop begin to move to market in volume that farm marketings will be below average, but price advances will tend to offset the decline in the volume of products sold and thus maintain the level of farm income.

WHOLESALE PRICES

The general level of wholesale prices during July remained at 109 percent of the 1910-1914 average, the same as in June. Declines in the prices of hides and leather, building materials and metals during July were offset by increases in prices of fuel and lighting products. In the first week of August prices advanced one-half of 1 percent as advances in farm and food products and building materials more than offset declines in hides and leather and textile products.

Wholesale prices in England from the second week in July to the first week in August advanced about .7 of 1 percent. The downward trend in wholesale prices in France and Italy continues.

BUSINESS CONDITIONS

Industrial production in July was apparently about 5 percent lower than in June. Present indications are that the level of industrial production in August will be about the same as in July and that a moderate pick-up in business activity may be expected during the fall months. The decline in business activity during July was accompanied by some decline in employment and payrolls but it is expected that the consumer demand for farm products during the remainder of 1934 will be greater than during the same period in 1933. This should tend to hold income from farm marketings during the last half of 1934 at about the same levels as in 1933. The recent nationalization of silver increases the metallic base behind the money in circulation and will tend to further increase commercial bank reserves. However, this is not likely to have any immediate effect upon business activity as surplus reserve funds have continued to accumulate in banks and are now in excess of legal requirements by $2,000,000,000.

The sharp decline in industrial activity during the first week of July was followed by only a moderate recovery in the following weeks. The level of steel mill activity in July was only about half as high as in June. Automobile production increased sharply the second week of the month but has since continued to make slightly more than the usual seasonal decline. The automobile industry is nearing the period when new models will be introduced and it is probable that from now until 1935 models appear, automobile activity will continue to make at least the usual seasonal decline. The indexes of electric power and freight car loadings also declined during July. The restriction in textile mill activity continued through July and according to agreement will be continued through August, but sales are exceeding production, thus reducing inventories, and this together with the upward trend in cotton prices is likely to result in improvement in textile activity during the fall months. Production of other consumers' goods such as food

products, boots and shoes, and automobile tires have shown declines since May. The manufacture of food products is temporarily stimulated by unusually heavy slaughter of cattle.

The daily average of construction contracts awarded during the first 3 weeks of July was slightly higher than in June due largely to the increase in contracts awarded on private non-residential contracts.

Retail sales during July have continued the seasonal decline begun in June. The retail sales of automobiles during July compared favorably with those of June but department store sales declined from 74 percent of the 1923-1925 index in June to 72 in July, according to the Federal Reserve Board's seasonally adjusted index. The drought is apparently adversely affecting retail sales in agricultural areas. According to a report of the Department of Commerce, the daily average sales of general merchandise in rural areas by mail order houses and chain stores showed a decrease in dollar volume from May to June of 8½ percent, and from June to July of 15½ percent. However, at least a part of this decline was probably seasonal. Sales in June were 10 percent larger and in July 6 percent larger than for the corresponding month of 1933.

Business activity in many foreign countries during July was disrupted by political uncertainties, and prospects in most countries do not point to a rapid expansion of business activity in the near future. In June business activity in England advanced to the highest point since March 1930, according to the Economist Index, due largely to increases in foreign trade and building activity. The volume of construction in England in June was the highest on record. Reports from Canada, Argentina and South Africa also indicate further improvement in business activity, partly as a result of higher grain prices, but there has been some decline in Australia because of the sharp decline in wool prices. Business activity in France, Belgium and Holland is declining and the expansion of business activity in Germany appears to have been checked during July. The loss of foreign trade in Germany has been only partially offset by a slow gain in domestic activity sponsored by government aid. Industrial production in Japan has shown no marked decline but the growing number of restrictions on Japanese goods is retarding foreign trade. A further decline in raw silk prices is causing considerable distress in the agricultural areas of Japan.

WHEAT

United States wheat prices now seem likely to remain at about July levels through most of the 1934-35 marketing season, retaining much of the gain made up to early August. Small changes in crop prospects and disposition of the Pacific Coast surplus, however, may be expected to result in large price fluctuations, since the supplies in the United States are about equal to probable domestic utilization plus a normal carry-over. With short supplies of hard spring and durum wheats, prices east of the Rockies are likely to be high enough to invite imports, especially of durum wheat. Production in and exports from the Southern Hemisphere will become more of a price movement factor later in the season.

The world wheat carry-over now appears to be about the same as last year and the new world crop, excluding Russia and China, about 440,000,000 bushels less than last year. Approximately 330,000,000 bushels of the crop reduction is in the Northern Hemisphere and 110,000,000 in the Southern Hemisphere. The Canadian crop is now indicated at about the same as last year. Based on reports from 27 countries, Europe, excluding Russia, appears to have a re-

duction of about 330,000,000 bushels compared with last year of which about 115,000,000 is in the Danube Basin. Northern Africa and Asia may each have an increase of about 15,000,000 bushels. Argentina's crop is estimated to be about 50,000,000 bushels short of last year.

The United States carry-over is now estimated at 290,000,000 bushels, which together with the estimated production of 491,000,000 indicates a total domestic supply of 781,000,000 bushels. This compares with a probable domestic utilization of about 625,000,000 and would leave a carry-over from domestic supplies at the end of the season of about 156,000,000 if there are no net exports. It seems likely, however, that greater than average amounts might be fed in certain drought stricken areas in which case prospective utilization would be correspondingly increased and carry-over decreased. Hard red winter carry-in and production is estimated to be about 345,000,000 bushels; soft red winter 195,000,000; hard red spring 130,000,000; durum 15,000,000; and white wheat 95,000,000.

An analysis of the prospective supply and distribution by classes indicates that there will be a shortage of hard red spring and durum wheat and a surplus of hard red winter and white wheats. Hard red winter can be substituted in many cases for hard red spring, but the substitution of hard red winter for durum is less satisfactory. With a somewhat restricted consumption of hard red spring wheat and a large use of hard red winter, combined with a very small carry-over at the end of the year, large importations of hard red spring may not be necessary. However, in the case of durum wheat, with a domestic utilization of about 20,000,000 and a carry-in and production totaling only about 15,000,000, it will be necessary to import considerable amounts of durum from Canada. Only in the case of white wheat does there seem to be a burdensome surplus. White wheat from the Pacific Northwest may be substituted to some extent for soft red winter east of the Rockies, but it appears that the supply of soft red winter is large enough to take care of a fairly large domestic utilization. It appears likely, accordingly, that while we may need to import durum, we may export white wheat.

Wheat prices in the United States, as well as in European countries where prices are not fixed by law, have been strongly influenced by the unfavorable crop prospects throughout the Northern Hemisphere. Adverse growing conditions, especially in Canada and in the spring wheat area of the United States resulting in prospective reduced supplies, have been responsible for much of the recent rise.

The rise in market prices of wheat in the United States during July was shared by all classes with one minor exception. No. 2 Hard Amber at Minneapolis after rising from a $1.10 level for the week ended July 7 to a $1.39 level for the week ended July 21, dropped to a $1.35 level a week later, only to more than recover at a $1.40 level for the week ended August 4. No. 2 Hard Winter at Kansas City rose from an 88 cent level for the week ended July 7 to a 90, 99 and 100 cent level for the second, third and fourth weeks, respectively, and was at a $1.04 level for the first week in August. During the same 4-week period No. 1 Dark Northern Spring Minneapolis rose from a 97 cent level to a $1.17 level; No. 2 Red Winter at St. Louis from that of 89 to that of 99 cents, and western white at Seattle from 74 to 88 cents. Prices in foreign markets reacting to the prospects of shorter supplies, rose almost as much as in the United States. Evidence of this fact is that December futures at Liverpool averaged 13.5 cents higher the first week in August than the first

week in July as compared with a 14.2 cent rise in December futures at Chicago for the same period. Prices in the United States continued to rise until on August 11 when they fell the 5 cent limit.

The United States average farm price of wheat as of July 15 was 78.8 cents compared with 78.9 cents a month earlier, and 86.9 cents in July 1933. Market price changes since mid-July indicate that the August 15 average farm price is likely to be considerably higher than that prevailing in mid-July.

The United States crop, indicated to be about 135,000,000 bushels smaller than domestic utilization, will likely result in prices being maintained well above world markets throughout most, if not all, of the current season. December futures at Chicago averaged 12.4 cents higher than Liverpool for the week ended August 11. For the week ended July 21, the spread averaged as much as 18½ cents. Liverpool prices have risen in recent weeks largely because of the reported damage to the Canadian crop. If present prospects for Canadian production are borne out, it seems likely that world prices will remain well above July levels. This would mean that prices in the United States are likely to retain much of the gain made up to early August.

CORN

Corn prices advanced sharply in July and early August as the crop deteriorated. Until the final outturn of feed crops and possibilities and effects of various feeding adjustments can be determined, prices will tend to fluctuate widely. With the movement of the new crop, there will be some recession from a summer peak, but this seasonal decline is likely to be less than usual due to the extreme shortage of feed and hay, while the reduction in hog numbers will probably tend to limit the subsequent seasonal rise during the winter and early spring. The supply of feed grains for the 1934-35 season is the smallest since 1881, resulting in a shift of emphasis from artificial crop reduction to the economical handling of the feed problem and the serious implications of the shortage. Demand for feed grains continues restricted by the high price of feed relative to the price of livestock and livestock products. Reduction in animal numbers through government purchases and a small hog crop are also influencing factors. The maturity date of the Government loans on corn is September 1. If this date is extended, the release of corn stored against the loans will be delayed, thereby tending to maintain corn values.

The United States average farm price of corn as of July 15 was 59.2 cents per bushel as compared with 56.0 cents a month previous, and 55.4 cents in July 1933. Price advances compared with a year ago were confined largely to the West North Central and West South Central States; declines were predominant in the Eastern and South Atlantic States. Market prices lost ground early in July with No.3 Yellow at Chicago receding from 60.5 cents per bushel on July 1 to 58.6 cents by July 10, but were on the uptrend during the remainder of the month and early in August. This grade averaged 70.7 cents during the week ended August 4 and 75.6 cents on August 8.

The corn crop deteriorated materially during July, and on August 1 was estimated at 1,607,000,000 bushels. Deterioration during the month was at a daily rate of about 16,000,000 bushels, with the decline in condition greater in the last part of the month than in the first half. Conditions remained unfavorable during the early part of August. Greatest damage to the crop during July and early August occurred in Nebraska, Kansas, Arkansas, Oklahoma, Texas, Colorado, South Dakota, Missouri, southern Iowa, and west central Illinois.

Oats, barley and grain sorghums also suffered, and on August 1 production of these grains was forecast at 545,000,000, 119,000,000, and 54,300,000 bushels, respectively. Total United States 1934 supplies of the four major feed grains are 70 percent of last year, and only 52 percent of the 5-year (1929-1933) average. In the East North Central States the feed grain production is 71 percent of the average and in the West North Central States 41 percent.

The prospective 1934-35 production of by-product feeds is restricted because of the small supply of cottonseed and flaxseed. Stocks of cottonseed and of cottonseed cake and meal at mills, August 1, were smaller than a year ago, but these were partly offset by the slightly larger mill stocks of flaxseed. The hay crop is exceedingly short due not only to the drought but also to the necessity of using a large proportion of the hay lands for pasture when the usual pastures failed. Reduction of the hay crop to 53,671,000 tons is being partly offset by emergency forage crops. Straw and corn stover supplies will be the smallest for many years.

Marketings of corn increased sharply in the last half of July and early in August. The July receipts at 13 markets totaled 28,400,000 bushels against 9,490,000 bushels in June. During the week ended August 4 receipts at these markets amounted to nearly 11,000,000 bushels. The sharp advance in prices induced farmers to sell and permitted the release of much corn held against government loans. A year ago when No.3 Yellow corn at Chicago rose from 23 cents in February to 56 cents in July, market receipts increased from slightly over 13,000,000 bushels in the former month to 46,400,000 bushels in the latter. The recent heavier movement of corn to market increased commercial stocks to 51,117,000 bushels on August 11, compared with 35,880,000 bushels a month earlier. A year ago 64,200,000 bushels were in store. The July marketings of oats totaled 3,600,000 bushels compared with 2,800,000 bushels a month ago. As was the case in June, shipments from markets exceeded receipts, thereby causing a decrease in commercial stocks which on August 11 aggregated 23,712,000 bushels. A year ago 38,200,000 bushels of oats were in store in this position.

Wet-process corn grindings for domestic consumption during July totaled 5,721,000 bushels compared with 6,738,000 bushels in June. Approximately 49,543,000 bushels have been handled by the wet processors this season which includes the November 1933 record grind as against 55,309,000 bushels in the same period last year. Recent slackening in textile activity and the enlarged imports of duty-free tapioca have reduced the demand for cornstarch, the major product of the refiners. A seasonal pick-up in grind usually occurs in the fall months as manufactures prepare for the winter syrup and candy trade.

POTATOES

Potato prices declined seasonally during the first half of July but, owing to a sharp drop in weekly car-lot shipments and unfavorable late-crop conditions, prices recovered sharply during the first week of August. Most of the gains, however, were made in western markets, where nearby supplies are scarce at this season. Late-crop shipments are expected to increase seasonally, and the immediate trend of prices is expected to be slightly downward unless the late crop suffers further damage from the drought and heat.

The August 1 forecast of the total United States potato crop was 327,000,000 bushels, or only 2 percent above the relatively short crop of 1933 and 10 percent below the 1927-1931 average production. The Early and Intermediate States are harvesting crops 8,500,000 and 4,600,000 bushels respectively larger than

a year ago, but the crop in the 30 Late States is now expected to be about 6,300,000 bushels smaller than in 1933. All of the decrease in the late crop occurs in the 10 Western Surplus States, for which the forecast is more than 13,000,000 bushels below the estimate for last year. The three Eastern and five Central Surplus States have crops larger than a year ago, while the 12 other Late States have prospects for a crop about the same as in 1933. Showers falling since August 1 in many of the important Late States are expected to increase the crop prospects in these areas and add to the total supply of late potatoes.

Supplies of potatoes for immediate shipment are shifting from the Virginia-Maryland area to New Jersey, Long Island, Idaho, and other early crops of the Northern Late States. The total car-lot movement has decreased from more than 5,000 cars per week to only slightly more than 2,000. Car-lot shipments of the 1934 crop totaled 59,000 cars to August 4, compared with 44,000 cars to August 5, 1933.

Potato prices at New York declined seasonally during most of July, from \$1.44 to 93 cents per 100-pound sack (street sales), but recovered to 95 cents during the first week of August. During the corresponding week a year ago they averaged \$2.38. At Chicago the decline during July was from \$1.59 to \$1.17 per 100-pound sack, but there was a sharp recovery to \$1.40, which compares with \$2.95 a year ago. The only shipping point prices available at this time are those for New Jersey, which are quoted at \$1.00 per 100-pound sack.

The United States farm price averaged 66.9 cents per bushel on July 15, compared with 64.4 cents on June 15, 97.9 cents on July 15, 1933, and 81.5 cents the July average for 1910 to 1914.

TOBACCO, FLUE-CURED

Prices for flue-cured tobacco at auction warehouse markets, which opened for the 1934-35 season in Georgia on August 1 and in South Carolina on August 9, showed marked improvement over the prices prevailing a year ago and averaged higher than during any season since 1927. Prices on the Georgia markets (type 14) averaged 22.6 cents per pound compared with 13.2 cents during the opening week of last year, 10.2 cents in 1932, and 7.3 cents in 1931, according to state reports. Press statements indicate the opening prices on the South Carolina and Border Belt markets (type 13) were at about the same level as those in Georgia.

Total supplies of flue-cured tobacco in the United States at the opening of markets this year, estimated at 1,300.000,000 pounds, showed a reduction of 118,000,000 pounds or 8.5 percent below the supplies of a year earlier and were 9 percent below the 5-year average. Production was estimated as of August 1 at 527,000,000 pounds which is 210,000,000 pounds smaller than the 1933 crop and more than 100,000,000 below the world consumption of this tobacco. Stocks showed an increase during the year, as a result of the large crop of 1933, but this was more than offset by the reduction in the 1934 crop. More than 95 percent of the growers of flue-cured tobacco are reported to be under contracts with the Agricultural Adjustment Administration, which call for an aggregate reduction of nearly 30 percent from a base approximately equal to the last year's production. Weather conditions have been generally favorable and there has been only a moderate amount of drought damage, chiefly early in the season.

World consumption of flue-cured tobacco during the year ended June 30, 1934 showed little change from a year earlier. Domestic consumption increased nearly 5 percent during the year, chiefly because of the increase in the use for cigarettes, but foreign consumption declined slightly. About 30 percent of the total world consumption of flue-cured tobacco is used in cigarettes in the United States. Approximately 60 percent of the consumption is in foreign countries, chiefly in the form of cigarettes and smoking mixtures.

Exports during 1933-34 totaled 380,000,000 pounds (farm sales weight), which represents an increase of 22 percent over the exports of a year earlier and 14 percent over 2 years earlier, but is about 10 percent below the 5-year average. The quantity exported last year exceeded foreign consumption for the first time since 1930-31.

The 1934 flue-cured crop is being marketed without the aid of a marketing agreement. According to reports of the Agricultural Adjustment Administration, when the domestic buyers were invited to enter into a marketing agreement for this crop, as was done in the case of the 1933 crop, the buyers stated that, owing to the improved supply situation, they were confident the price would average "above parity" without any such action being taken. Opening prices for the 1934-35 season were about 50 percent above parity.

HOGS

Hog prices held fairly steady during July, following the sharp rise during the middle of June, and then continued upward during the first half of August. Unusually high temperatures over wide areas, rising prices for corn, and the very unfavorable prospects for the crop this year, together with water shortage in some sections, caused some forced selling of hogs in July and served to check the seasonal rise that started in the previous month. Although some further liquidation of hogs in the more critical areas is likely, the seasonal decrease in slaughter until the new marketing season begins in late September is expected to be much greater than that of last year, hence the upswing in prices now underway probably will make some further progress before the fall decline begins. Because of the large reduction in the 1934 pig crop the fall decline in hog prices this year is expected to be much less than average.

The weekly average price of hogs at Chicago during July fluctuated between $4.33 and $4.56 per 100 pounds, the average for the month being $4.49. The June average was $4.09 and that for July 1933 was $4.41. As a result of a decrease in marketings and some improvement in consumer demand for meats, following a moderation of temperatures, prices strengthened in early August and the Chicago average during the second week of the month was $4.75, and the top price on August 14 of $5.75 was 20 cents higher than the top reached in either 1933 or 1932 and was the highest price paid at that market since October 1931.

Inspected hog slaughter in July, totaling 3,323,440 head, was about 12 percent smaller than in June, and 15 percent smaller than in July last year, but was 2.2 percent larger than the July 5-year average. The slaughter supply included a larger-than-usual proportion of light weight, unfinished hogs and also a larger than seasonal proportion of packing sows as the shortage of feed and scarcity of water in much of the Western Corn Belt forced considerable market liquidation of hogs in that area. The July average weight at seven leading markets (weighted) was 240 pounds, compared with 235 pounds in June, and 254 pounds in July last year. The hog-corn farm price ratio still continues

near record low levels, the figure for July being 6.7 compared with 7.2 in July last year and 11.0 the 10-year average for the month. With hog prices so low in relation to feed prices, they provide little inducement for producers to feed hogs to heavy weights.

Wholesale prices of fresh pork during July lost most of the sharp rise made in June, but a considerable part of the decline was recovered during the second week in August when temperatures moderated and supplies were curtailed. Ham and bacon prices advanced slightly during July and then weakened slightly in August. Lard prices, on the other hand, moved up sharply, reflecting in part an increased speculative demand for this product because of a probable marked reduction in supplies after this year. The composite wholesale price of hog products at New York averaged $14.83 per 100 pounds in July, compared with $14.15 in June and $11.18 in July last year. The July composite retail price at New York was 18.8 cents per pound, or 1 cent more than in June and 3 cents more than in July 1933.

Storage supplies of pork and lard increased slightly in July. Pork stocks on August 1, totaling 644,000,000 pounds were 20 percent smaller than a year earlier and 11 percent less than the 5-year August 1 average. Lard stocks, totaling 210,000,000 pounds were 4 percent smaller than the unusually large stocks of a year earlier, but 34 percent larger than the 5-year August 1 average. Pork stocks undoubtedly will be reduced much more rapidly during the next few months than they were in the corresponding period last year.

Exports of both pork and lard in June were slightly larger than in June last year, but exports of lard for the month were considerably smaller than the large exports in May. The larger pork exports in June this year than a year earlier were the result of the increase in shipments of frozen pork since shipments of cured pork were smaller than in June 1933. Lard exports in June amounted to 41,413,000 pounds, a decrease of 38 percent from the exports in May, but an increase of 8 percent compared with lard shipments in June 1933. Nearly all importing countries took smaller quantities of American lard in June than in May, except Cuba.

Hog slaughter during the next few weeks is expected to become seasonally smaller and will be much smaller than a year earlier, notwithstanding some further increase in the marketings of unfinished hogs in areas of greatest feed scarcity. The decrease in slaughter supplies is likely to be reflected in a continuation of the price advance now in progress although competition from excessive supplies of beef will tend to restrict the rise.

CATTLE

Because of the expected increase in market supplies of cattle further declines in prices of the lower grades of fed cattle and of unfinished cattle of all grades appear probable for the next few months. The extensive purchases of cattle and calves for government account, however, may result in the price declines being small relative to the large increase in marketings. In view of the sharp decrease recently reported in the number of cattle now on feed, marketings of well finished cattle during the remainder of the year are expected to be small, and prices of such cattle may advance somewhat by late fall. The prospective shortage in feed supplies and the very poor range and pasture conditions caused by the severe drought in the Corn Belt and Western States have already resulted in greatly increased marketings of

cattle and calves and a further heavy liquidation seems fairly certain in the coming fall months. The unusually large marketings of cattle and calves this year, the sharp reduction in the 1934 spring pig crop, and the impending shortage of feed supplies doubtless will result in a marked decrease in the slaughter of all livestock in 1935. Consequently, prices of all meat animals next year are expected to be well above present levels.

Prices of most classes and grades of cattle at the principal markets declined during July as a result of the continued large slaughter supplies and the excessive temperatures prevailing in nearly all sections of the country. The average price of all grades of slaughter steers at Chicago in July was $7.21 per hundred pounds compared with $7.34 in June and $6.01 in July last year. In early August prices of the choice and prime and good grades of steers were higher than a year earlier, but prices of the medium and common grades were somewhat lower. Prices of cows and heifers also declined during the month and in late July prices of cutter cows at the Kansas City market were quoted at only $1.05 per hundred pounds, which probably was the lowest level ever reached for cows at that market. Prices of calves were about steady in July after having declined sharply in June. Stocker and feeder cattle prices advanced during the first half of the month, but by early August this advance had been entirely lost.

Marketings of cattle and calves in July were of record proportions. Receipts of cattle at the seven leading markets including those received for slaughter for government account were more than twice as large as in July last year and likewise were more than double the 5-year July average receipts for these markets. Inspected slaughter of cattle during July totaled 1,192,000 head. Of this number about 300,000 head were slaughtered for government account. The regular commercial slaughter for the month, therefore, amounted to about 892,000 head compared with 752,000 head in July last year. Inspected calf slaughter in July amounted to 770,000 head of which about 200,000 were slaughtered for government account. In July 1933 calf slaughter totaled 401,000 head compared with the commercial slaughter of calves in July this year of about 570,000 head. However, had it not been for the government cattle purchasing program inspected slaughter of both cattle and calves would have been materially larger than the commercial slaughter above indicated. Most of the increase in cattle slaughter for the month apparently was in cows and heifers. Receipts of steers from the Corn Belt at Chicago were about 17 percent less than in July 1933, but the combined number of choice and prime and good grades of steers at this market continued relatively large.

The government cattle purchasing program which was inaugurated in early June as a drought relief measure is being continued, and in early August cattle had been purchased in 19 states. Up to and including August 11 more than 2,600,000 head of cattle had been bought under this program. Of this number about 13 percent were condemned on farms where purchased and the remainder have been or will be slaughtered for relief purposes.

The number of cattle on feed for market in the 11 Corn Belt States on August 1 this year was estimated to be about 21 percent smaller than the number on feed August 1, 1933. The number on feed August 1 this year was the smallest for this date in at least 7 years. Reports from a large number of cattle feeders as to weights to which their cattle on feed August 1 this year would be fed show about the same distribution among the different weight groups as was shown by similar reports received a year earlier. The proportion under 900 pounds was somewhat larger and that from 900 to 1,000 pounds correspondingly small, with

little change in the proportion over 1,100 pounds. Last year, however, the decline in cattle prices during the fall months caused many feeders to carry cattle beyond the period for which they were originally intended, with resulting large supplies of heavy cattle in late 1933 and early 1934. A similar situation this year is very unlikely because of the general shortage and high prices of feeds.

A decrease of 30 percent or more in cattle feeding during the coming fall and winter is indicated by reports received from a large number of feeders giving the number of feeder cattle they expect to buy during the 5 months August to December this year and the number bought during the corresponding period last year. These reports indicate a sharp decrease in all states with a decrease in the states west of the Mississippi larger than in the states east of the River. Comparison with similar reports received a year ago shows that feeders expect to buy a much smaller proportion of calves this year than last and an increased proportion of yearlings.

BUTTER

The drought and feed situation are the dominating factors in the butter situation at the present time. Butter prices were relatively steady during the first 3 weeks of July, but rose sharply in late July and early August. This rise was due in large part to effect of the drought in curtailing production. Prospects are for low production during the remainder of the pasture season and coming winter. The movement of butter into storage has been relatively light and storage stocks are much lower than a year ago.

Pasture conditions from May 1 to date have been considerably below those of any previous pasture season. On August 1 the average condition for the entire country was 43.8 percent of normal against 51.5 percent on July 1 and 55.7 percent on August 1 of last year. This is by far the poorest average condition ever reported. The estimated milk production per cow on August 1 of 13.23 pounds compares with 13.67 pounds on August 1 of last year and is the lowest on record for that date. Reported yields vary widely however, as between different sections of the country.

During the early part of the drought period grain prices advanced sharply but butter prices remained nearly constant for 3 months. The farm price of butterfat on July 15, of 22.1 cents was equivalent to the farm price of 19.6 pounds of feed grains, the lowest for the month since 1920. For the 12 months ended with July, the average farm price of butterfat was equivalent to 22.5 pounds of grain, compared with the 1925 to 1929 average of 30.7 pounds. With the extremely short crops of feed grains and hay this year, butterfat prices will probably average relatively low compared with grains during the coming winter. This price ratio and short supplies will tend to curtail butter production during the winter of 1934-35.

The price of 92 score butter at New York in July averaged 24.5 cents, slightly lower than in June, but the same as a year earlier. For the week ended August 11, however, the price averaged 27.1 cents. The seasonal rise in prices usually does not start until late in August, and the seasonal peak is reached in December. This year with prospects for light production and low stocks, the rise in prices from the midsummer low to the December peak will probably be greater than usual.

Estimated production of creamery butter in June of 181,800,000 pounds was 10.5 percent lower than in June 1933, and the lowest for the month since 1928. June production was only 4 percent more than May compared with the usual seasonal increase of nearly 13 percent. The North Atlantic and Pacific Coast States were the only groups of States in which June production was larger than in 1933. In the East North Central and West North Central States, the decline was between 11 and 12 percent.

Even though production of creamery butter in June was small, the movement of butter into consuming channels was 5.1 percent larger than in June 1933. This increase in trade output together with the rise in retail prices indicate that consumer expenditures for butter in June were 13 percent larger than in the same month of the preceding year.

Storage stocks of butter on August 1 were 108,700,000 pounds representing a net into-storage movement during July of 38,594,000 pounds. On August 1 of last year storage stocks were 150,900,000 pounds and the July movement into-storage was 44,556,000 pounds.

The margin between domestic and foreign prices continues wide for this season of the year. On August 9 the Copenhagen official quotation was equivalent to 17.8 cents against 27.0 cents on 92 score in New York. Rising prices in Copenhagen and London during the current season of light "winter" supplies from Southern Hemisphere sources would normally continue into our fall months.

CHEESE

Cheese prices declined sharply in July due to the relatively high production and heavy stocks. Cheese production, in contrast with butter, has been larger than in 1933, and stocks on July 1 were the highest on record for that date. The decline in cheese prices and increase in butter prices makes cheese low in relation to butter. This will tend to reduce cheese production. With the prospects for relatively light production of milk during the coming winter, because of the effects of drought, the outlook is for at least the usual seasonal rise in prices from July to the mid-winter peak.

Estimated total production of cheese in June was 66,500,000 pounds or 1.6 percent less than in June 1933. For the first 6 months of 1934, cheese production was slightly larger than in 1933, while butter production was 9 percent less. Production of American cheese in June in Wisconsin was about 7 percent less than a year earlier, but in each of the groups of states, production was larger than a year earlier.

The price of cheese (twins) on the Wisconsin Cheese Exchange averaged 10.6 cents in July; 1.9 cents less than in June and 1.4 cents less than a year earlier. This decline in cheese prices together with the rise in butter prices which occurred in the latter part of July makes cheese low in relation to butter. As a result of this price relationship, milk will probably be shifted from cheese to other uses, in those plants where such shifts can be made.

Trade output of cheese in June was 2.9 percent larger than in June 1933. With the increase in retail prices estimated consumer expenditures for cheese in June exceeded the same month of the preceding year by 5 percent.

Storage stocks of American cheese on August 1 of 97,002,000 pounds exceeded those of a year earlier by 14,231,000 pounds and the previous 5-year average for that date by 17,438,000 pounds. Last year at the peak of the storage season on October 1, stocks had reached only 99,326,000 pounds.

POULTRY

The mid-summer drought in the Central West is causing an abnormal seasonal movement of poultry from these areas. The general shortage of feed in some areas, rising grain prices and an almost complete burning up of green vegetation have forced many farmers to sell a larger proportion of their flocks than is usually sold in mid-summer. This not only applies to mature birds but also to young chickens of broiler and fryer age which are normally kept until they reach the roaster age later in the season. Many packing plants in the Middle West are reported to be operating at capacity in order to handle these marketings.

Receipts of dressed poultry at the leading terminal markets in July were 1.6 percent larger than the receipts of July last year. This is the first time since January that such receipts have exceeded those of the corresponding month of last year. Receipts of live poultry at packing plants in the Middle West during July were approximately 20 percent larger than those of a year earlier, and about 16 percent larger during the first week of August. Stocks of dressed poultry in cold storage during July showed a gain of 4,215,000 pounds compared to a decrease of 2,265,000 pounds in July last year and an average decrease of 1,777,000 pounds for July in the preceding 5 years.

The farm price of chickens advanced from 11.2 on June 15 to 11.7 on July 15 instead of making the usual seasonal decline. In July last year the farm price was 10.4 cents. The heavy marketings during the month, however, depressed prices in the central markets. Wholesale quotations at New York during July declined 2 cents on fowl and 3 cents on young stock. After these declines, however, prices on fowl were still 1 cent higher and prices of young stock 2 to 4 cents higher than a year earlier.

The number of hens in farm flocks on July 1, this year was about 2 percent smaller than on the same date last year. Heavy marketings of hens in July reduced the number of hens in farm flocks on August 1 to 3 percent below those of a year earlier. Young stock on farms as of July 1 were about 10 percent less than a year ago, and a further decrease has probably occurred from the large sales of broilers and fryers since that date.

Total stocks of dressed poultry in storage on August 1 amounted to 44,824,000 pounds compared to 44,970,000 pounds on August 1, last year, and 39,458,000 pounds for the 5-year August 1 average. Further increases have been made since August 1, as farmers continue to market both their young and old stock because of the lack of feed supplies. Marketings will probably continue heavy until farmers in the drought area liquidate their flocks to the point of where they will be able to maintain them with such feeds as they have on hand. Forced marketings at the present time will probably mean lighter marketings later in the season and a lighter movement of stocks into storage. This situation should result in an improvement of prices after the present heavy marketings are out of the way.

EGGS

Egg prices at the central markets showed a marked improvement in late July and early August, as fresh receipts decreased. Part of this improvement was seasonal, but most of it was due to the improved statistical position of the market with reference to supplies. Fresh egg receipts in July proved inadequate for trade requirements and stocks of shell eggs in storage showed a small decrease during the month. Under usual conditions stocks in storage continue to increase until August 1, but this year with the drought in the Middle West causing many farmers to sell off their flocks in mid-season, and egg production showing a greater than usual seasonal decline, dealers had to turn to storage stocks much earlier than usual. Supplies of the better grade eggs have been limited, as shipments from the Middle West particularly have shown considerable heat deterioration, as well as lack of quality due to the general production conditions prevailing in many of the states where the drought still remains unbroken.

Quotations on Middle Western Mixed Colored Firsts at New York averaged 15.7 cents per dozen in July compared to 15.1 cents in July last year. Since August 1, however, prices have advanced to 20 cents, an increase of 4.9 cents from the July average. Last year there was a decrease of 1.7 cents for the same period. Prices on Middle Western Mixed Colors at New York during the first part of August this year were on the average about 6 cents higher than for the same period a year ago. Pacific Coast and nearby eastern white eggs were about 5 cents higher.

Receipts of eggs at the principal markets in July were 13.0 percent smaller than in July last year, and for the period of January to July, this year, 9.0 percent lighter. A continued decrease under last year is shown during the first 2 weeks of August by packing plants in the Middle West and the leading terminal markets.

Stocks of shell eggs in storage on August 1 amounted to 8,949,000 cases compared to 9,507,000 cases on August 1 last year and 9,120,000 cases for the 5-year average. Storage stocks of shell eggs decreased 14,000 cases during July compared to a 5-year average increase of 227,000 cases. Frozen eggs in storage on August 1 amounted to 121,561,000 pounds, the largest stocks of frozen eggs ever reported at any time. Combined stocks of shell and frozen eggs, on a case egg equivalent basis, amounted to 12,421,000 cases compared to a 5-year average of 12,144,000 cases on August 1. Under normal production conditions for the remainder of the year, these stocks would probably prove to be a weakening influence on the market, but with farmers selling off their hens and young stocks in the Middle West, the shortage of feed and smaller than normal production of eggs in prospect this fall and winter, total supplies will be less than usual and prices are likely to make a greater than usual seasonal rise during the next few months.

LAMBS

Lamb prices declined sharply during July, but considerable recovery occurred during the first half of August. Marketings during the remainder of the year are expected to be somewhat larger than those of the corresponding period last year, but the proportion in feeder flesh in the total will be large. The number going for slaughter, however, probably will be larger than a year earlier because of reduced feeder demand.

The sharp decline in lamb prices started in late June and continued through July but was followed by a strong upturn during the first half of August. The downswing in prices extended over a period of 5 weeks and was unusually severe. The weekly average of good and choice grade lambs at Kansas City dropped from $8.55 to $5.78 per 100 pounds and then moved up to $6.78 during the second week in August. At Chicago, the average declined from $8.92 to $6.38 and recovered to $7.10. Prices of yearling wethers declined relatively more than lamb prices but prices of slaughter ewes moved upward and recovered part of the decline made in May. The July 15 farm price of lambs was $5.64 compared with $6.37 in June and $5.24 in July 1933. The farm price of sheep was $2.73 compared with $2.98 in June and $2.59 in July last year.

Market supplies of lambs expanded seasonally after the first week in July. Receipts at seven leading markets were approximately 22 percent larger than in June and 4.5 percent larger than in July last year. Federally inspected slaughter of 1,293,812 head, was about 3 percent larger than in June, but was about 7 percent smaller than in July last year and 7 percent smaller than the 5-year average. Inspected slaughter during the first 3 months of the current marketing year, which began May 1, was approximately 13.5 percent less than in the corresponding period last year. This decrease was caused by the delayed movement to market of lambs from the early lamb production sections, smaller marketings of fed lambs after May 1, and lighter shipments to market of yearlings and wethers from Texas.

The 1934 lamb crop is estimated at 29,339,000 head. This is about 1 percent larger than the 1933 crop but is 9 percent smaller than the record 1931 crop and slightly smaller than the 1932 crop. All the increase occurred in the Western Sheep States, excluding Texas, as the Texas crop and the crop in the native or farm flock states was smaller than that of last year.

The number of lambs marketed during the year will be influenced to some extent by the Government sheep buying program which is soon to get under way as a drought relief measure in the areas of greatest feed and water scarcity. This program contemplates the purchase of about 5,000,000 ewes 1 year old and over which will be slaughtered and the meat of those suitable for food will be used for relief distribution. Such purchases will probably result in the holding back of a larger number of ewe lambs and will reduce the supply of all lambs to be shipped. However, unless present feed prospects are considerably changed by late summer and early fall rains, as happened last year in many areas, it is probable that the movement of western lambs through regular market channels will be fairly large in spite of the ewe buying program. Because of the great deterioration in western ranges as a result of the drought, a very large proportion of the lambs from the Western States will be in thin condition. The shortage of feed in the Corn Belt and in western feeding districts is expected to reduce the demand for feed lambs, thus forcing a larger than usual proportion of the market supply into slaughter channels.

WOOL

The trend of domestic wool prices during the remainder of 1934 will depend largely upon the course of domestic wool manufacturing activity and upon developments in foreign wool markets, which at present give little promise for immediate improvement in wool prices. Although domestic mill activity is expected to increase above present low levels it seems probable that supplies of domestic wool will be fairly adequate for some months. Wool

production in the United States in 1934 was estimated to be about 3 percent smaller than in 1933 but world wool production will probably be about the same this year as last.

The chief development in the domestic wool market in recent weeks was the action of the Wool Advisory Committee on August 1 recommending an average reduction of about 10 percent in prices for wools on which loans are held by the Farm Credit Administration. Price quotations on the Boston market, which have been largely nominal for several months were reduced in accordance with the above recommendation. This readjustment in prices was made necessary chiefly because of the price declines in foreign wool markets in recent months. Despite the decline in quoted prices, sales of wool on the Boston market are still very small, and the price quotations to date remain nominal to a considerable extent.

Quotations for fine (64s, 70s, 80s) strictly combing territory wool at Boston averaged 76 cents a pound scoured basis and similar 56s averaged 67 cents a pound, the first week of August, after the price reduction was made. Nominal quotations on these wools the first week of July averaged 84.5 cents and 78.0 cents a pound, respectively. Prices of practically all domestic wools in the Boston market, the first week of August, were about the same as, or slightly below prices in the first week of August 1933. Thus the price increase from August 1933 to February 1934 has been lost but prices are still about 60 to 90 percent above the 1933 low point reached in February. The United States average farm price of wool on July 15 was 21.4 cents a pound compared with 21.9 cents on June 15 and 22.4 cents on July 15, 1933.

Consumption of combing and clothing wool by United States manufacturers reporting to the Bureau of the Census in the first half of 1934 was smaller than in any similar period in recent years with the exception of the first half of 1932. Consumption of such wool on a grease basis in the first half of 1934 was 28 percent smaller than in the first half of 1933. The reduction on a clean equivalent basis was only 22 percent because of the consumption of a larger proportion of wool with a higher clean content in 1934. The index of consumption of combing and clothing wool (grease basis) adjusted for seasonal variation in June was 55 (1923-1929 = 100) compared with 61 in May and 146 in June 1933. The lower level of manufacturing activity in the first half of 1934 together with increased consumer buying power probably has resulted in a considerable reduction of the stocks of finished goods accumulated during the period of high activity in 1933. Also the decline in wool prices from the high point in January has brought prices more in line with prices of other raw materials and with incomes of consumers. Present conditions, therefore, appear to be favorable for an increase in mill activity from the present low levels during the remainder of the year.

Preliminary estimates of wool production in several important producing countries point to a world wool production in 1934 little different from that in 1933, but smaller than the 5-year average of 1928-1932. Production of wool shorn or to be shorn in the United States in 1934 is estimated at 355,000,000 pounds which is about 3 percent smaller than that of last year but 1 percent larger than the 5-year 1929-1933 average production. The decrease in domestic wool production this year was largely the result of the sharp reduction in Texas. It is now estimated that the Australian clip for 1934 will be about 990,000,000 pounds grease basis, compared with 950,000,000 pounds in 1933 and the record production of 1,061,000,000 pounds in 1932. A slight increase in production is also indicated for New Zealand.

Wool production for 1934 in the Union of South Africa was recently estimated at 245,000,000 pounds compared with 270,000,000 pounds in 1933 and the record production of 316,000,000 pounds in 1932. The decrease this year is chiefly due to the sharp reduction in sheep numbers which resulted from the severe drought in that country in 1932 and 1933.

COTTON

Continued dry weather and high temperatures in the western half of the Cotton Belt together with a comparatively small cotton acreage were the principal factors resulting in an indicated United States 1934 cotton crop of only 9,195,000 bales of 500 pounds gross weight, or about 30 percent less than the 1933 crop, and 37 percent less than the average production for the 5-year period 1928 to 1932. The drastic deterioration in the crop during late July and early August was followed by a rise of more than a cent a pound in the price of cotton to a high of 13.63 cents for Middling 7/8 inch on August 9. This was the highest price reached in the ten designated spot markets in more than 4 years. The advance in cotton prices occurred despite the fact that consumption and exports of American cotton decreased considerably during June and July when consumption and exports were substantially lower than for the corresponding months of unusual activity in 1933 but were larger than for the corresponding months in 1932.

According to Weather Bureau reports the continued drought in Texas, Oklahoma, and Arkansas reached a point by the second week in August where top fruiting, shedding, and premature opening of bolls were prevalent throughout most sections of these States. Growth was reported to have practically stopped in many localities, and in north Texas and Oklahoma the hot weather and lack of moisture were said to be killing the plants. While the weather has been mostly favorable in the Central States and the indicated yield per acre is above average in all important cotton growing states east of the Mississippi River, showers in the Eastern States are reported to have caused some damage, and serious boll-weevil infestations are reported in some localities. The estimated crop for this year is 3,852,000 bales less than last year's crop of 13,047,000 bales and 5,484,000 less than the average production in the 5-year period, 1928-1932.

The indicated supply of American cotton for the 1934-35 season is substantially lower than that for 1933-34 although the world consumption of American cotton was less than for the previous year. On the basis of the August 1 forecast for the 1934 crop and estimates of the New York Cotton Exchange Service for the world carry-over of American cotton for that date, the indicated world supply of this growth for the current season is approximately 20,000,000 bales as compared with 24,600,000 bales last year, 26,000,000 bales 2 years ago and an average of 18,500,000 bales for the 10-year period ended with 1930-31. World consumption of American cotton during the 1933-34 season declined nearly 6 percent as compared with the 1932-33 consumption, according to trade estimates. World consumption of foreign cotton, however, increased 13 percent which was sufficient to more than offset the decline in the consumption of American cotton so that the world consumption of all growths increased approximately 2 percent.

Consumption of cotton in the United States during the year ended July 31 amounted to 5,696,000 bales, according to the preliminary report of the New York Cotton Exchange, or about 8 percent less than the consumption in 1932-33 and 17 percent more than the consumption in 1931-32.

The July consumption in the United States was only 355,000 bales as compared with 363,000 bales in June, 600,000 bales in July a year ago, and only 279,000 bales for July 2 years ago. The small consumption during June and July, 1934 in the United States followed the announcement of the Cotton Textile Code Authority that sales of cotton goods were not sufficient to permit the operation of cotton mills at more than 75 percent of the maximum capacity permitted under the code during June, July, and August, along with an order reducing operations 25 percent. While certain mills were exempted from the code authority curtailment order, many mills operated fewer hours than were permitted under this order.

Following a drastic decline early in July from the reduced production during June the output of cotton cloth increased during late July to a point slightly below the average weekly production for the first 6 months of 1934. Cotton cloth production was estimated by the Cotton Textile Institute at 103,000,000 yards for the first week in August as compared with 104,010,000 yards for the last week in July. Sales of cotton goods were substantially higher during the second week in August than during the 2 preceding weeks, according to trade reports from New York wholesale markets. The advance in the prices for cotton goods was more than enough to offset the rise in cotton prices, with the result that mill margins were increased slightly. Narrow margins were reported to have been causing some reluctance on the part of the mills to accept new orders at prevailing prices for cotton cloth. The proposed purchases of cotton goods by the Government for relief purposes furnished some stimulus to cloth buying, but the adverse effects of the drought are expected to affect purchasing power of consumers despite the crop benefit payments.

Cotton mill activity in the United Kingdom and on the Continent of Europe, except in Germany, is reported as slow. Many mills are moving less than their currently reduced output. Although small sales of cotton goods to India were reported, business with China is reported as negligible. Japanese cotton mills, however, are reported to be operating at the recently increased rate of production with sales somewhat below current output but with most mills reporting small stocks and a substantial volume of unfilled orders on hand.

The price-parity between Indian and American cotton in Liverpool continues substantially below the prevailing parities for the past 2 years. Thus, the price incentive is such as to encourage the substitution of Indian for American cotton in foreign mills manufacturing coarse yarns. Exports of American cotton during July amounted to only 323,000 bales, according to the New York Cotton Exchange, as compared with 709,000 bales in July last year and 457,000 bales in July 2 years ago. Of the 67,000 bales exported from August 1 to August 11 of this year, 22,000 were shipped to Japan and China, 20,000 to Germany, and 18,000 to Great Britain. Total exports for the 1933-34 season amounted to about 7,558,000 bales as compared with 8,426,000 bales a year ago, and 8,754,000 2 years ago. Exports to Germany were nearly 500,000 bales or about 27 percent less than the exports for 1932-33. Exports to the United Kingdom were also lower than for the previous season but exports to Japan increased substantially.

Information regarding the indicated acreage and production of cotton in foreign countries for 1934-35 is as yet very fragmentary, but reports received indicate increases in the production of cotton in Brazil and decreases in cotton acreages in Egypt and Russia.

Business statistics relating to domestic demand

Year and month	Industrial production 1/	Factory payrolls 2/	Factory employment 2/	Commodity prices: United States: Prices paid farmers 3/	Commodity prices: United States: Wholesale 4/ 1910-1914 = 100	Commodity prices: United States: Wholesale 4/ 1926 = 100	Commodity prices: Foreign 5/: In foreign currency	Commodity prices: Foreign 5/: In dollars	Interest rates 6/	Industrial stock prices 7/
	1923-1925 = 100						1926 = 100			
1929-										
July	124	107	106	140	141	96	94	96	6.00	344
Oct.	118	112	108	140	139	95	94	96	6.19	321
1930-										
Jan.	106	96	97	134	135	92	90	92	4.94	252
Apr.	104	98	96	127	131	90	86	88	3.88	288
July	93	84	90	111	123	84	83	84	3.16	232
Oct.	88	82	88	106	121	83	80	81	2.92	196
1931-										
Jan.	83	70	80	94	114	78	76	77	2.85	168
Apr.	88	74	81	91	109	75	76	76	2.38	162
July	82	66	77	79	105	72	74	73	2.00	143
Oct.	73	61	74	68	103	70	72	66	3.50	102
1932-										
Jan.	71	54	69	63	98	67	71	60	3.88	79
Apr.	64	50	66	59	96	66	69	60	3.73	63
July	58	40	59	57	94	64	67	56	2.54	46
Oct.	66	45	64	56	94	64	68	55	2.07	64
1933-										
Jan.	65	40	60	51	89	61	68	54	1.44	62
Apr.	67	39	60	53	88	60	66	55	2.60	65
July	100	51	72	76	101	69	68	75	1.75	100
Aug.	91	57	76	72	102	70	68	73	1.75	98
Sept.	84	59	80	70	103	71	69	78	1.53	100
Oct.	77	59	80	70	104	71	69	78	1.50	93
Nov.	73	56	76	71	104	71	69	85	1.50	96
Dec.	75	54	74	68	103	71	68	84	1.50	99
1934-										
Jan.	78	54	73	70	105	72	69	84	1.50	103
Feb.	81	61	78	76	107	74	69	86	1.50	107
Mar.	85	65	81	76	108	74	69	87	1.26	102
Apr.	86	67	82	74	107	73	69	86	1.25	104
May	86	67	82	74	108	74	68	85	1.18	95
June	84	65	81	77	109	75	68	85	1.00	97
July				80					1.00	94

1/ Federal Reserve Board index, adjusted for seasonal variation.
2/ Bureau of Labor Statistics indexes, without seasonal adjustment.
3/ United States Department of Agriculture, August 1909-July 1914 = 100.
4/ Bureau of Labor Statistics index.
5/ Weighted average of index for eight foreign countries - United Kingdom, Canada, Japan, France, Italy, Germany, China, and the Netherlands.
6/ The Annalist. Average of daily rates on commercial paper in New York City.
7/ Dow-Jones index is based on daily average closing prices of 30 stocks.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

For release September 15, 1934

THE PRICE SITUATION, SEPTEMBER 1934

FARM PRICES

The upward trend of market prices of the principal farm products which has been under way since mid-June continued through August. Present indications are that the level of farm prices is now somewhat higher than in mid-August when they averaged 87 percent of pre-war. Market prices of cotton during the past month have been relatively steady but grain prices have continued to advance and prices of most livestock and livestock products have advanced much more than seasonal during the past month.

Supplies of eggs have been running somewhat below the same time last year and have been accompanied by more than the usual seasonal increase in price. Butterfat prices have declined in the past month in response to less than the usual seasonal decline in milk production. Prices of hogs advanced sharply during August and cattle prices also showed marked improvement during the latter part of the month. During the first 2 weeks of September, however, a part of this advance was lost.

Cash income from the sale of farm products made much more than the usual seasonal increase during June and July largely in response to the advance in farm prices. About the usual seasonal increase is expected from July to August. During the first 7 months of 1934 farmers' total cash income including rental and benefit payments amounted to $3,074,000,000 compared with $2,512,000,000 during the first 7 months of 1933. The total cash income to farmers for the calendar year 1934 from the sale of farm products, rental and benefit payments, and from the sale of livestock in the drought areas has been estimated at $6,000,000,000 compared with $5,051,000,000 in 1933, an increase of 19 percent.

WHOLESALE PRICES

The sharp advance in farm and food prices during August resulted in an advance in the Bureau of Labor Statistics index of the general level of wholesale prices from 109.1 percent of the 1910-1914 average for the last week of July to 113.1 for the last week of August. Market prices of farm products advanced from 90.5 to 103.1 and food prices advanced from 109.8 to 118.8 percent of the pre-war level during this period. Prices of nonagricultural products showed little change during August, slight advances in the prices of fuel and lighting, chemicals and drugs and miscellaneous commodities being offset by declines in prices of hides and leather, textiles, metals, building materials and house furnishings.

Wholesale prices in England advanced slightly during August. From the first week of August to the first week of September Crump's index advanced 1.7 percent. In Italy, wholesale prices reached their lowest post-war point in July and some strengthening was noted during August. Wholesale prices in Germany have tended upward since April and during the first 2 weeks of August averaged about 4 percent higher than in April. The long decline in wholesale prices in France has been followed by a period of fairly stable prices since June.

Wholesale prices in July in the currencies of the seven countries which take the majority of United States agricultural exports averaged 69 percent of the 1926 average, compared with a low point of 66 in April 1933.

BUSINESS CONDITIONS

Industrial production in August continued the downward trend of July and activity during the first 2 weeks of September indicates that the seasonal improvement in business activity which usually takes place in the fall months will be later than usual this year. Incomes of industrial workers during the remainder of 1934 are expected to be greater than during the same period in 1933. Government expenditures on various projects designed to stimulate employment also add to the incomes of consumers in general.

Steel mill activity continued to decline during August and at the end of the month was at the lowest level since the spring of 1933. Automobile production receded gradually during the first part of August and declined sharply during the last week of the month. Cotton textile activity continued on a restricted basis until the last week of the month when there was some improvement. Operations have been further reduced in September, however, by the textile strike. Activity in woolen mills has been unusually slack and several mills have closed temporarily to keep production in line with sales. The total of building contracts awarded during the first half of August was more than seasonally lower than in July, advances in publicly financed projects being more than offset by declines in private construction awards.

Retail sales during August showed some improvement after declining during June and July. Retail sales of automobiles held up well. The dollar value of both department store sales and mail-order house and chain store sales in rural areas increased sharply from July to August. The daily average sale of general merchandise in dollar volume in rural areas during August averaged 17.5 percent higher than in July and 5 percent higher than in August 1933. The dollar value of department store sales in August increased to 79 percent of the 1923-1925 average compared with 73 percent in July and 77 percent in August last year, according to the Federal Reserve Board's seasonally adjusted index.

The financial situation has been characterized by a continued expansion of bank credit with an increase of purchases of nongovernmental securities. Commercial loans of member banks of the Federal Reserve System have shown some increase during the past month partly in response to the financing of fall trade. Interest rates are still abnormally low, although there has been a slight advance in the rates borne by United States securities.

Business conditions in most foreign countries have held steady or declined since June. Business activity in Great Britain declined during July after reaching new high levels during June. In spite of the June peak, however, the volume of industrial production in Great Britain in the second quarter of 1934 was only seven-tenths of 1 percent greater than in the first quarter. Prospects for fall trade in the dominions of the British Empire are encouraging. The stabilization of wool prices and July rains have improved the outlook in Australia. Prospects point to greater income for Canadian farmers on their 1934 wheat crops and activity in Canadian steel and heavy industries has continued, thus counterbalancing the seasonal decline in other

higher prices of meat and dairy products together with exchange premiums have improved New Zealand's prospects. Business conditions in Europe outside the Scandinavian countries are less favorable. Business activity in France declined further in July and August. The prospects for food and feed shortage in Germany together with the critical exchange conditions are curtailing imports of raw materials for manufacture in Germany. Business activity in other gold bloc countries has failed to show improvement. In Japan, business activity in July was fairly well maintained but restrictions on imports in the British and Dutch colonies have resulted in some slowing-down in the textile, china and porcelain industries. Although the spring cocoon output was decreased, the raw silk trade remains dull. Heavy industries in Japan are expanding largely due to the awarding of government contracts. Trade in China continues at low levels.

WHEAT

In spite of small yields in a number of important wheat producing countries world wheat supplies are more than adequate for prospective utilization, except in the event of heavy feeding. By the end of the season, however, it is to be expected that stocks will be reduced to about a normal level so that there will be a basic improvement in the general wheat situation, the influence of which will extend beyond the current crop year. Both United States and world market prices, which rose very sharply during July and early August, have reacted and lost part of those gains. As a result, the price structure is now on a sounder basis and no further major price swings seem likely until there is some material change in prospective crop supplies.

The United States average farm price of wheat as of August 15 was 89.6 cents per bushel, compared with 78.8 cents in July, and 74.7 cents in August of last year. It is likely that the September 15 farm price will not be greatly different from that of August 15.

There was a general upward trend of market prices from July 9 to August 9. Most of the rise, which amounted to approximately 25 cents per bushel , occurred in two spurts, one of which took place about mid-July and the other during the first part of August. An abrupt decline was registered beginning on the 10th and since mid-August prices have been fluctuating at about 5 to 10 cents per bushel below the peak, but about 15 cents per bushel higher than the early July levels. At Liverpool the rise which occurred during July and early August was quite similar to that which occurred in United States markets but more evenly distributed during the period. The decline following the peak at Liverpool has been somewhat greater than that which occurred in the United States, and there has not been as definite evidence of resistance to further declines as has been the case in the United States.

There has been relatively little change in either the United States or the world wheat supply prospects during the past month. The United States crop is officially forecast, on the basis of September 1 conditions, at 493,000,000 bushels compared with 491,000,000 indicated as of August 1. The first official estimate of the Canadian crop is 277,000,000 bushels, based on conditions August 31, whereas a month ago a tentative figure of 275,000,000 bushels was used in our calculations. The hot dry weather during July severely reduced the prospective yields in the Prairie Provinces of Canada. Harvesting is now under way in the southern and central regions.

In Europe, outside of Russia, present conditions indicate a reduction of about 300,000,000 bushels from last year's crop and the lowest total production since 1930. Estimates of several of the European wheat crops have been revised upward during the past month, but the reductions in other countries have nearly offset these increases and the net change is an increase of 23,000,000 bushels over the total reported a month ago. The estimated total crop of the four Danubian countries is virtually unchanged at 255,000,000 bushels, which is 116,000,000 bushels less than in 1933. Official estimates for both France and Germany are now available. The German crop has been revised upward nearly 10,000,000 bushels and that of France is 24,000,000 bushels above the unofficial estimate used previously. The most important decrease was the downward revision of 14,000,000 bushels in the forecast of the Italian crop. The rye production in the 18 European countries for which estimates are available is 103,000,000 bushels or 15 percent below 1933. Germany reported a decrease of 46,000,000 bushels and Czechoslovakia a decrease of 27,000,000 bushels. A decrease is also expected in Poland, but no estimate is available.

Good yields of excellent quality grain are reported by the North African countries. The total for the four countries is now 15,000,000 above last year.

The wheat area of Argentina is now officially estimated to be 18,483,000 acres or about 6 percent below that of last year. This, however, is the first official estimate of the year, and in the past 10 years the first estimates have regularly been below the final ones, there being an average difference of about 5 percent. Conditions are reported as satisfactory in Western Australia but in the other regions of Australia rains are needed.

The Russian wheat crop is indicated to be considerably less than last year, but official reports from that country claim a total yield of cereals as large as in 1933, so that some wheat exports are altogether possible. Exports during 1933-34 amounted to about 33,000,000 bushels.

Present prospects as to the average level of prices for the season are not significantly different from those of last month. The reaction which has taken place in prices, both in the United States and in world markets since August 10, however, appears to have placed them on a more nearly normal basis in the light of prospective supplies. Prices in the United States may be expected to continue to be sensitive to uncertainties as to just what final adjustments will be necessary in view of the rather close balance between supplies on the one hand and prospective utilization plus a normal minimum carry-over on the other. No marked advance or decline in world market prices seems in prospect pending more definite indications as to the outturn of Russian exports and Southern Hemisphere crops. In the more distant future it is to be expected that indications of the rapidity of utilization in importing countries and prospects for winter wheat in the United States may be important market factors.

CORN

Corn prices advanced from August 15 to September 15, representing largely a further adjustment of prices to the unusually short feed supplies for the 1934-35 season. The process of price adjustment to supplies appears to be practically completed. Corn prices may not advance much further during the next few months, but will tend to be steady or move to a slightly lower level.

The August 15 United States farm price of corn of 72.7 cents represented an advance of 23 percent over the July 15 figure of 59.2 cents. In the corresponding period oats prices advanced 12 percent, barley 21 percent, and hay 23 percent. The advance in feed grains and hay prices, was countrywide but was greatest in the drought states from Oklahoma to Ohio northward and northwestward. Farm prices at mid-September are probably higher than a month earlier since market quotations advanced considerably. This was particularly true of barley. No. 2 barley at Minneapolis averaged 83.6 cents the first week of August and 105.3 cents the first week of September. In the same period No.3 Yellow corn at Chicago advanced from 70.7 to 80.3 cents, and No.3 White oats at the same market from 45.2 to 55.5 cents per bushel. The average hog-corn ratio for the week ended September 8, based on market prices, was 9.0 bushels, compared with 6.5 bushels a month previous, representing a relatively greater advance during the period in hog prices than in corn.

Corn prospects decreased further in August, the September 1 indicated production being 1,485,000,000 bushels or 122,500,000 bushels under a month ago. The unfavorable growing conditions of June and July continued into early August, the August rains coming too late to be of material benefit. Production of corn for grain was tentatively forecast at 1,150,000,000 bushels. The proportion of corn to be harvested as grain was placed under average due to the absence of ears and premature drying up of the stalks in the drought area. The corn crop is a near failure insofar as the production of corn for grain is concerned in such important producing States as Kansas, Nebraska, Oklahoma and South Dakota.

The oats crop of 546,000,000 bushels is turning out slightly better than was anticipated in August; also, the barley estimate was increased to 123,000,000 bushels. Production of the four important feed grains aggregates 55,000,000 tons or 46 percent below the 10-year average. Some of this shortage may be supplemented by increased net imports of various kinds of feeds; in addition, an unusual quantity of Russian thistles, weeds and coarse forage of all kinds is being harvested to relieve the short hay supplies. In those parts of the drought areas which received rain during August and early September, winter grains and late forage crops are being planted for fall pasture.

Movement of corn from farms to markets in August was at record levels for that month. Receipts of corn at 13 primary markets during August totaled 40,409,000 bushels compared with 28,420,000 bushels in July. Receipts of oats were also larger, being 7,259,000 bushels against 5,599,000 bushels in the same months. Shipments of corn and oats from these markets were smaller than the receipts, resulting in an accumulation of stocks. Commercial stocks of corn September 8 were at a record level for that date, amounting to 62,064,000 bushels. Oats stocks also increased, reaching 26,356,000 bushels. Market stocks of corn, oats and barley, combined on a tonnage basis, on September 8, however, were only 89 percent of those a year previous, due principally to present small market accumulation of oats. Wet-process corn grindings for domestic consumption in August totaled 6,542,000 bushels compared with 5,721,000 bushels in July and represents, in part, a seasonal increase in activity. The August 1933 grind was 5,845,000 bushels.

Present indications are that very little corn will be imported into the United States in the next 4 months, even if the duty were partly or wholly removed. Argentine supplies available for exportation are much smaller than average for this time of year and recent European takings have been large.

This, together with the general shortage of feed grains in Europe, indicates that only relatively small amounts of Argentine corn may be imported into this country during the next few months at the domestic prices which are likely to prevail. Present price relationships are more favorable for the importation of oats into the United States. With the present duty, oats may be imported in New England, the Southeast and Gulf States. Supplies in foreign surplus areas are believed ample to cover the quantity which may be imported within present and prospective price ranges of the season.

Governmental activities in the present feed situation are increasing. Hay and straw needed to feed livestock in drought states may be imported duty free at any domestic port of entry from any nation. The Reconstruction Finance Corporation has granted a commitment of $100,000,000 to Commodity Credit Corporation for new government loans of 55 cents per bushel (old rate was 45 cents) upon ear corn stored and sealed on the farm pursuant to state law in the States of Colorado, Illinois, Indiana, Iowa, Kansas, Minnesota, Missouri, Nebraska, Ohio, and South Dakota. Loans will be made upon corn of any crop year, which, when shelled would grade No. 4 or better. All producers who now have corn loans outstanding must either repay them or convert them into the new corn loan plan by October 15. All corn collateral offered for new loans must be reinspected and resealed by the state inspectors or sealers. About 120,000,000 bushels of corn were under seal early in September of which about one half was under seal in Iowa. Generally speaking, the corn is under seal in those areas where the 1934 crop was relatively good.

TOBACCO

Flue-cured Tobacco

Prices for the 1934 crop of flue-cured tobacco on auction warehouse markets during August continued at the high levels established at the opening of the season, August 1, 1934. The average for the month of all types combined was nearly double that of last year and higher than for any corresponding month since 1926. In North Carolina, August sales on the eastern markets (type 12) averaged 26.2 cents per pound, and those on the border markets (type 13) averaged 25.5 cents per pound according to the state report. August sales on these markets last year averaged 10.4 cents and 13.0 cents per pound, respectively. In Georgia (type 14) producers' sales during August this year averaged 19.0 cents per pound compared with 11.3 cents last year, according to State reports.

The 1934 production of flue-cured tobacco estimated by the Bureau of Agricultural Economics as of September 1 was 535,483,000 pounds, which represents an increase of 1.5 percent over the August estimate. This is approximately 100,000,000 pounds below the estimated world consumption of United States flue-cured tobacco, and it is 202,220,000 pounds or 27 percent below the production of 1933. The total supply of flue-cured tobacco in the United States at the beginning of the 1934-35 marketing season, including stocks reported July 1 and the 1934 crop estimated as of September 1, was 1,305,000,000 pounds (farm sales weight) which was 114,000,000 pounds or 8 percent below the total supply of a year earlier and 17 percent below the record supply of 1930-31. Based upon the average relationship between supply and consumption of flue-cured tobacco during the period 1926-1930, the total supply this year appears to be slightly below normal.

The domestic output of products containing flue-cured tobacco in July 1934 (cigarettes and manufactured tobacco), as shown by the monthly report of tax-paid products issued by the Commissioner of Internal Revenue, was substantially larger than in July 1933. Cigarette output in July showed an increase of 19.2 percent over that of July a year ago, but manufactured tobacco (smoking and chewing combined) decreased 0.2 percent, the net increase for the two classes of products combined being approximately 11 percent. For the first 7 months of 1934, the output of cigarettes and manufactured tobacco combined showed an increase of approximately 6 percent above the output for the corresponding period of 1933, the increase for cigarettes being 9.8 percent and that for manufactured tobacco 1.2 percent.

Exports of flue-cured tobacco in July 1934 were 9,300,000 pounds compared with 14,700,000 pounds a year earlier and 13,600,000 pounds for the 5-year July average, 1928-1932. As a rule, flue-cured tobacco exports during July represent less than 5 percent of the annual flue-cured exports. During the first 7 months of 1934 the exports of flue-cured tobacco totaled 145,400,000 pounds, which was 23 percent above the January-July exports of 1933 and 40 percent above those of 1932, but approximately 10 percent below those for the 5-year period, 1928-1932.

Tobacco production for all types based upon September 1 condition was estimated at 1,078,117,000 pounds, which is an increase of about 3 percent above the August estimate but is 22 percent below the 1933 crop of 1,385,107,000 pounds. The average production for the 5 years 1927-1931 is 1,470,556,000 pounds. The September estimate of the 1934 production of the fire-cured types was 119,252,000 pounds; Burley, 294,360,000 pounds; Maryland 24,480,000 pounds; dark air-cured, 31,346,000 pounds; cigar filler types, 37,675,000 pounds; cigar binder types, 28,330,000 pounds; and cigar wrapper types, 6,983,000 pounds.

RICE

Prospective supplies of southern rice for 1934-35 appear to be slightly larger than those for the 1933-34 season. The 1934 rice crop in the Southern Belt was forecast at 29,562,000 bushels or 8,212,000 barrels. Southern farm and country warehouse stocks at the beginning of the 1934-35 season totaled nearly 202,000 barrels and old crop rough rice at mills approximated 267,000 barrels. The 1934-35 supplies of rough rice are practically equal to those available last season. However, the carry-over of milled rice of nearly 1,000,000 pockets, was of record proportions; thus, total supplies of both rough and milled rice for 1934-35 are slightly larger than those of last season. Assuming that 1 barrel of rough rice is equivalent to 1 pocket or 100 pounds of milled rice, the 1934-35 supply of rough and milled rice is 9,680,000 barrels compared with 9,309,000 barrels in the same positions a year ago. Data are not available as to stocks of milled rice in wholesalers' and distributors' hands, but trade reports indicate that these stocks are light, whereas unusually heavy stocks were reported on hand in distributing markets a year ago.

Movement of southern rough rice to mills during August, the first month of the 1934-35 season, was about average considering the size of the crop and totaled 244,000 barrels. Shipments of southern milled rice into consuming channels during the month amounted to 555,000 pockets. Thus, mill stocks of rough and clean rice were reduced and on September 1 aggregated 972,000 barrels.

The 1934 California rice crop was forecast at 6,930,000 bushels or 3,119,000 bags (100 pounds each) compared with the 1933 outturn of 6,042,000 bushels or 2,719,000 bags. California mills received 6,686,000 bushels or 3,009,000 bags of rough rice, from the beginning of the season, October 1 to September 1. California rice mills received more than twice as much rice in August as in July, August receipts being 302,000 bags. Mill stocks of rough on September 1 totaled 43,000 bags and of clean, 246,000 bags, or somewhat more than on August 1.

Demand for United States rice during 1934-35 will probably not be greatly different from last season. The extent of Puerto Rican takings will depend largely upon prices and local purchasing power. It is very unlikely that the Island will take as much as 10 percent more than it did during the 1933-34 season unless an unusual event, such as a hurricane, occurs. Puerto Rico took 1,969,000 pockets of United States rice in 1933-34. It is not likely that California will exceed her 1933-34 proportion of the Puerto Rican shipments in 1934-35.

Hawaiian rice consumption is expected to be about the average in 1934-35. During the first 10 months of the present California crop year which began, October 1933, shipments to Hawaii were 71,021,000 pounds, and it is probable that 1933-34 shipments will not total more than 85,000,000 to 86,000,000 pounds. In 1932-33 shipments aggregated nearly 89,000,000 pounds. Increased returns from sugar and pineapples, and prospects of reduced imports of Japanese brown rice into Hawaii due to the smaller Chinese crop, may about offset the effect that higher United States prices might have on Hawaiian consumption.

Foreign takings of American rice have been restricted in recent years by nationalization efforts of numerous countries. Not much improvement in export demand for either California Japan or southern rice is anticipated in 1934-35.

The domestic market during 1934-35 will be affected by several unusual factors. Because of the possibilities of these influences, it is not clear what change may take place in domestic consumption this season. First, an extensive advertising campaign, financed by the Millers' Committee, will be conducted in 33 markets in 15 states. In each market schools will demonstrate rice cookery and the first school opened in Madison, Wisconsin September 10. The second is the proposal of the Federal Surplus Relief Corporation to purchase approximately 500,000 pockets of milled or brown rice. Each miller submitting a bid must agree to purchase or otherwise acquire within 30 days of delivery by him to the corporation as much rough rice as will approximately produce the milled rice he delivered. If a large proportion of this rice is distributed into areas of low per capita consumption, wider outlet will be provided domestic rice, possibly sufficient to increase the season's consumption over 1933-34.

In both the present southern and California marketing agreements for the rice milling industry it is required that certain minimum rice prices be established and maintained. The marketing agreement for the southern rice milling industry, revised and amended July 21, has established minimum prices for No. 1 grade, prime "A" milling quality for all the important commercial varieties with discounts and premiums for quality. The minimum price for No. 1 grade, prime "A" milling quality Blue Rose is $3.15 per barrel. Extra Fancy Blue Rose was quoted at New Orleans, September 10 at $3.85 - $3.90 per

pocket. Most new crop sales were made at the minimum price basis. Extra fancy Japan at San Francisco was fixed in the California agreement, September 26, 1933 at $3.60 per hundred, but on September 10, 1934, this grade was selling above the minimum base or at $3.85 per hundred.

POTATOES

Prospects for late crop potatoes improved somewhat during the past month and market prices remained fairly steady. The New Jersey crop and the early maturing varieties from some of the late producing states were the principal sources of market supply. Shipments from the main crop of the late states, however, may be expected to increase shortly and prices are likely to decline seasonally until the fall peak movement is passed. Owing to the shortage of potatoes in the Far West, it is likely that prices in central and western markets will continue to average higher than those in the eastern centers.

Potato prospects improved during August in the Eastern and North Central States but deteriorated in the Far West. The forecast as of September 1 indicates a total production for the United States at 337,000,000 bushels compared with 320,000,000 harvested in 1933 and 366,000,000 the 1927-1931 average. As compared with 1933 the potato crop is larger in the three Eastern Surplus States by 9,500,000 bushels, and in the five Central States by 7,500,000 but smaller in the Far West by 15,500,000 bushels. Production in the 12 other Late States is expected to be about 2,000,000 bushels larger than in 1933, so that in general, there will be almost an average supply of potatoes this season east of the Rocky Mountains.

Recent weekly car-lot shipments have averaged about the same as in 1933 or about 2,500 cars per week. Shipments to date from the Late States, however, total slightly less than to the corresponding date a year ago. Those from the Intermediate and Early States have far exceed those of last year. The car-lot and boat movement of the 1934 crop from all states totaled 72,680 cars to September 8 compared with 57,568 cars to September 9, 1933.

Potato prices at market centers show little change from those of a month ago. At New York they averaged 96 cents per 100 pounds for the first week of September compared with 95 cents for the first week of August and $2.15, the first week of September 1933. At Chicago they averaged $1.36 per hundred pounds in the first week of September compared with $1.40 the first week of August and $1.81 a year ago. The higher prices at Chicago this year compared with New York are attributed to the fact that production in the areas which usually supply this market with potatoes at this period are unusually small, whereas there are large supplies in the areas serving the eastern markets.

Shipping point prices in New Jersey the only market open at this time, declined from $1.00 per 100 pounds the first week in August to 85 cents during the first week in September.

Farm prices of potatoes for the United States averaged 68 cents per bushel on August 15 compared with 66.9 cents a month earlier, $1.31 a year earlier and 84.5 cents the August average 1910-1914.

HOGS

The seasonal rise in hog prices which started in early August continued throughout the month and prices in early September were at the highest levels since August 1931. A very marked reduction in supplies and the return of more moderate temperatures which stimulated consumer demand for meats were the factors accounting primarily for the advance. After prices reached the $8.00 level at Chicago in early September, marketings quickly increased and prices declined almost $1.00 per 100 pounds in a very few days. Although prices may return temporarily to their recent high points during the next few weeks, the trend is usually downward during the last quarter of the year as increasing supplies of new crop hogs come to market. The decline from present levels this fall and winter, however, is expected to be much less than average in view of the very great reduction in the number of hogs raised this year.

The weekly average price of hogs at Chicago rose from $4.33 per 100 pounds in the last week of July to $7.46 in the last week of August and then dropped nearly $1.00 during the first 2 weeks of September. The average for August was $5.89 compared with $4.49 for July and $3.97 for August last year. During the period that prices were rising hog marketings fell off sharply, the weekly slaughter in the last 2 weeks of August being 44 percent smaller than that of a month earlier and 37 percent smaller than in the corresponding period of 1933.

Total federally inspected slaughter in August, amounting to only 2,641,000 head, was 24 percent less than that of August last year. It was the smallest slaughter for the month since 1931 and the third smallest for August in the last 10 years. The decrease from July to August of about 20 percent was the greatest relative decrease for the period since 1924. Average weights continued below those of the previous year, the average for the seven leading markets being 241 pounds compared with 256 pounds in August 1933. Average weights decrease after August when new crop hogs begin moving to market and in view of the short corn crop it is expected that weights during the next few months will be considerably under those of previous years.

The rise in hog prices during August was much greater than that of corn prices, consequently the hog-corn price ratio rose considerably from the extremely low levels of June and July. The ratio based on August prices at Chicago was 7.7 compared with 7.0 in July, 7.8 in August last year, and 10.5 the 10-year average for the month. At the end of August the ratio was 9.3.

The marked reduction in supplies and the more favorable weather conditions caused wholesale prices of fresh pork to rise sharply during August and they reached the highest levels since August 1931. At the end of the month prices of loins and butts were 10 to 11 cents per pound higher than a year earlier. Increased supplies and curtailment of consumer buying in early September, however, caused loin prices to react somewhat. Prices of cured products continued practically unchanged through most of August and then advanced moderately late in the month and in early September, the greatest advance being in bacon prices. Lard prices rose throughout August and in early September they were 50 percent higher than in early July.

Because of the reduction in slaughter during August, stocks of pork and lard in storage were drawn on heavily and were greatly reduced by September 1. Stocks of pork on that date, totaling 540,000,000 pounds, were the smallest for that date during the 19 years that records have been kept and were 16 percent smaller than both a month earlier and the 5-year September 1 average, and were 29 percent smaller than on September 1, 1933. Lard stocks, totaling 169,000,000 pounds, were 19 percent smaller than a month earlier and 25 percent smaller than on September 1 of the previous year but 22 percent larger than the 5-year September 1 average. The new storage season which begins September 1 undoubtedly will start with stocks of pork at the lowest levels in many years.

Exports of pork in July were larger than those in June and those in July 1933, but exports of lard were smaller. Pork exports totaled about 17,400,000 pounds and those of lard 33,900,000 pounds.

Hog slaughter will increase seasonally during the next few months and the proportion of the total winter slaughter marketed before the end of the year is expected to be about the largest on record. In view of the marked reduction in the 1934 spring pig crop, however, the total slaughter to the end of December may not be greatly different from that of the corresponding period of 1933. Slaughter in October is likely to be larger than the relatively small slaughter of October last year.

CATTLE

Cattle prices rose sharply in late August, following a decline through July and in the first half of August, and new high levels for the year were established for the better grades. Decreased supplies of hogs which reduced the competition from pork and an improvement in consumer demand following the return of more favorable temperature conditions accounted largely for the advance. Other contributing factors were some reduction in market supplies of the better grades of steers and an expansion of the Government cattle buying program in the more critical drought areas, thus reducing somewhat the pressure of burdensome supplies of low grade cattle on the market. Seasonal increases in marketings of grass cattle in early September, following the price advance, caused prices to lose part of their previous gains.

With supplies of well finished cattle in prospect unusually small, prices of such cattle during the remainder of the year are expected to be well maintained near or above recent levels. Heavy marketings of the lower grades are likely to continue in view of the general shortage of feed and pasture over wide areas, although the urgency to liquidate cattle because of drought conditions has become less acute recently following more plentiful rains which have improved conditions somewhat. The situation with respect to the lower grades, however, is dependent primarily on any changes that might be made in government cattle buying activities. The program has been modified recently whereby future purchases will be made only from producers who are not in position, because of conditions arising from the drought, to carry their cattle through the winter.

The decline in cattle prices in progress during July continued at a moderate rate during the first half of August, and the average price of all grades of slaughter steers at Chicago during the low week which ended August 18 was $6.69. Prices then made a sharp recovery and in the week ended September 1 the average was $8.27, while the top reached $10.90, the highest price at that market since early 1932. The rise carried the prices of choice and prime grade steers from $8.08 to $9.60 and that of the medium grade from $5.02 to

$6.25. During the first half of September a considerable part of the rise was lost. The average price of all grades of slaughter steers in August was $7.34 compared with $7.21 in July and $5.88 in August last year.

Marketings of cattle and calves in August increased seasonally. A very large part of the total represented animals purchased by the Government which moved through public stockyards en route to packing plants. The seasonal increase in supplies of commercial cattle was no greater than average. Receipts of such cattle at seven markets, totaling 826,000 head were approximately 3 percent larger than in July and 7 percent larger than in August last year. Commercial receipts of calves at these markets, amounting to 222,000 head, were about 19 percent larger than in July and 35 percent larger than in August of the previous year. Slaughter of cattle under Federal inspection during August totaled 1,576,000 head, of which approximately 686,000 represented cattle slaughtered for government account and 890,000 head were for commercial purposes. Slaughter of calves totaled 970,000 head, of which approximately 456,000 represented government cattle and 514,000 were commercial cattle.

Despite the shortage of feed and pastures as a result of the drought, the movement of stocker and feeder cattle, not including the government cattle, from 12 markets during August was larger than in July and in August of last year. The increase over July was nearly 17 percent and the increase over August of the previous year was about 29 percent. The heaviest movement during August was to Iowa, Illinois, Indiana, Missouri and Nebraska. The movement to the first three States was larger than that of last year but that to the other two States was considerably smaller. The movement to Kansas was only about one third of that of August 1933. Much of the stocker and feeder movement during August probably represented cattle taken out to salvage burned-out crops that could not be saved in any other way.

BUTTER

The unfavorable prospects for butter production in July and August resulted in butterfat prices advancing somewhat earlier and making more than the usual seasonal increase. More recently however, prospects for production during the remainder of the pasture season have improved, and a part of the advance in prices has been lost. Prices of butterfat in relation to feed grains are very low, and with short crops, butter production during the winter months will probably be less than last year. Cold storage stocks of butter are about 55,000,000 pounds less than a year ago.

The price of 92-score butter at New York rose from 25.0 cents per pound in late July to 28.25 cents by the end of the third week of August. This rise was due in large part to the prospects for low production because of the drought. By the first week of September butter prices had declined to 25.6 cents. The price in August averaged 27.4 cents a pound, 2.9 cents higher than in July and the highest for any month since December 1931.

The farm price of butterfat in mid-August of 24.3 cents was more than 2 cents higher than in July and nearly 6.0 cents higher than in August 1933. Even though the price of butterfat has increased, prices of feed grains have increased more. In mid-August the farm price of butterfat was equivalent to 18.1 pounds of feed grains the lowest for the month since 1919, and compares with 1925-1929 August average of 27.2 pounds. This price relation-

ship together with the short supplies of feed will tend to curtail production during the coming winter.

The decline in milk production per cow from August 1 to September 1 was considerably less than the usual seasonal decline. Production per cow was unusually low in June, July, and early August, because of the severe drought. With widespread rains, and supplementary feeding, production per cow on September 1 was not as much below average as in the earlier months of the year. In each group of states the percentage of cows being milked was relatively high. This may be due in large part to the culling of cows from dairy herds.

Estimated production of butter in July of 171,700,000 pounds was 2.6 percent less than in July 1933. In the East North Central and Middle Atlantic States production was somewhat larger than in the same month of the preceding year, but in each of the other groups of states production was less than a year earlier. Weekly reports during August indicated that production continued less than in the preceding year. The decline in creamery butter production from June to July was somewhat less than the usual seasonal decline.

Estimated consumer expenditures for butter in July were slightly lower than in July 1933. Trade output of butter in July of 133,000,000 pounds was 1 percent larger than a year earlier, but retail prices were about 2 percent less, so that consumer expenditures were about 1 percent less. After adjustment for seasonal variation there was little change in consumer expenditures from June to July.

Cold storage stocks of creamery butter on September 1 were 121,400,000 pounds, which was 55,000,000 pounds less than the record September 1 stocks in 1933. Except for the small holdings on that date in 1931 and 1932 stocks this year are the smallest since 1923.

In 1933 the Government purchased about 52,000,000 pounds of butter for relief purposes. No definite statement has been made about purchases for relief during the coming season. Even if the Government does not purchase any butter during the coming winter, the decrease in stocks and prospects for low production indicate that the amount of butter available for distribution through regular commercial channels will be less than in the winter of 1933-34.

CHEESE

Cheese prices made more than the usual seasonal increase from July to August largely in response to higher butter prices. Cheese production is larger than a year ago and cold storage stocks are the largest on record. Prospects for low production during the winter months because of relatively high priced feed, and short supplies are tending to maintain prices.

The price of cheese (twins) on the Wisconsin Cheese Exchange in August averaged 12.1 cents. This was 1.5 cents higher than in July and 1.1 cents higher than in August 1933. The increase from July to August was somewhat greater than the usual seasonal increase.

The estimated production of cheese in July of 62,700,000 pounds was 2.1 percent greater than the record July production in 1933. The decline in production from June to July was less than the usual seasonal decline.

With the short crops and relatively high prices of feeds, it is not probable that the heavy production will continue throughout the winter.

Trade output of cheese in July was 4.4 percent less than in July 1933. Retail prices, however, were the same as a year earlier, so that estimated consumer expenditures for cheese were about 4 percent less than a year earlier.

Cold storage stocks of American cheese on September 1 reached a new high of 103,700,000 pounds, compared with 94,400,000 pounds a year ago and a 5-year average of 83,600,000 pounds.

POULTRY

Farm marketings of poultry throughout the Middle West in late August and early September was not quite as heavy as a month earlier. Cooler weather together with advancing egg prices, caused many farmers to sell their stock less drastically, particularly year old fowls which might with advantage be carried over as a part of next year's laying flocks. With less pressure of supplies from that source, the market began to recover from its mid-summer low, and by the middle of September prices on fowls at New York had advanced 3½ cents on fresh killed dressed and 5 cents on live. The market on this year's young chickens did not show a similar advance, as supplies were more liberal.

As a result of the relatively lighter farm marketings of poultry after the early part of August, receipts at the leading terminal markets in August were slightly smaller than in August last year. Also, the net-into-storage movement of dressed poultry was smaller than in August a year earlier, total stocks of all poultry in storage on September 1 being 46,054,000 pounds, an increase of 1,150,000 pounds during the preceding month compared with an increase of 2,819,000 pounds in the same month last year. Although the September 1 stocks of poultry were almost 4,500,000 pounds larger than the 5-year average stocks for September 1, this excess will likely disappear, as fall marketings of poultry, both young and old, are expected to be much lighter than those of a year earlier. With egg prices expected to show a greater than normal seasonal rise this fall, and with this year's pullet crop considerably smaller than that of last year, many farmers from now on will be less likely to cull as drastically as in former years, particularly in those areas where home-grown feed supplies will be adequate to carry the flocks through the winter.

EGGS

The rising trend of egg prices which started the first part of July leveled off slightly in late August and early September. During this period quotations on Middle Western Mixed Colored Standards at New York advanced 7½ cents compared to an advance of 2½ cents during the same period last year. At the same time Nearby Eastern and Pacific Coast Whites advanced 8 to 8½ cents compared to an advance of 7½ to 8 cents a year earlier. Prices of all eggs rose very sharply during late July and most of August, as unfavorable production conditions, particularly in the Middle West where the effects of the drought were felt most keenly, caused the mid-summer lay of eggs to drop to the lowest point reached in a number of years. In a number of Middle Western States, which produce a large part of the supplies of eggs for consuming centers, many farmers were forced to sell a large part of

their flocks during that period in which the drought was so severe, as their feed supplies ran short and rising grain prices made it unprofitable to buy feed for egg production at the then prevailing prices for eggs. The reduction in farm layers has since resulted in a greater than normal seasonal drop in egg production, although weather and feed conditions have shown considerable improvement following the breaking of the drought in early August.

The situation with respect to storage stocks has shown further strengthening. As fresh egg supplies became less and prices advanced, the market turned to storage stocks for an egg that could be retailed at popular prices to those consumers of moderate buying power. This resulted in a decrease of 1,025,000 cases in the stocks of storage eggs during August compared to a decrease of 563,000 cases in August last year. Stocks of shell eggs in storage on September 1 amounted to 7,936,000 cases compared with 8,944,000 cases on September 1 last year, and 8,558,000 cases for the 5-year average for September 1. Stocks of frozen eggs, however, are still large, amounting to 112,348,000 pounds on September 1 compared with 102,449,000 pounds on September 1 last year and 101,104,000 pounds for the 5-year average. Although the supply of frozen eggs is exceptionally heavy, a very large part of these stocks is already under contract, and as a consequence will not have full effect upon the shell egg markets.

The number of hens and pullets in farm laying flocks on September 1 amounted to 60.0 birds per farm flock compared with 63.6 layers on September 1 last year, and a 5-year average of 68.0. Egg production per farm flock on September 1 amounted to 18.0 eggs, the lowest production per farm flock for that date since records became available in 1925. The shortage of feed supplies and the record small number of layers in farm flocks as of September 1 give indication of a very light production of fresh eggs this fall and winter.

WOOL

The dullness which has prevailed in the domestic wool market for many weeks remains unbroken. Prices have been slightly irregular in recent weeks, but quotations are still nominal to a considerable extent. The opening sale at Brisbane, Australia on August 20 was considered favorable to the maintenance of present domestic price levels in that prices were fully equal to the closing quotations at the July series in London. Since the opening, however, prices at Australian sales are reported to have declined about 5 percent. Manufacturing activity in the domestic wool textile industry continued very low during July and August and further uncertainty was added to the position by the strike of textile workers on September 1. Until there is an improvement in the domestic manufacturing situation or a change in the foreign price level, quotations for domestic wool will probably show no material change.

Quotations for fine (64s, 70s, 80s) strictly combing territory wool at Boston remained unchanged at 76 cents a pound scoured basis, from August 1 through September 8 compared with 81.0 cents for the week ended September 9, 1933. Territory 56s averaged 66 cents a pound scoured basis the first week of September compared with 67 cents for the first week of August and 74.5 cents for the first week of September 1933. The United States average farm price of wool on August 15 was 20.4 cents a pound compared with 21.4 cents on July 15 and 22.5 cents on August 15, 1933.

Receipts of domestic wool at Boston in August continued greatly below normal. Receipts from January 1 to September 1 were only 142,031,000 pounds compared with 213,829,000 pounds reported for the first 8 months of 1933 and an average of 193,538,000 pounds for the corresponding period in the 5 years, 1929-1933. Imports of wool also remain small. Imports of combing and clothing wool for consumption purposes in the first 7 months of 1934 were 16,275,000 pounds. Figures on imports for consumption are not available for the corresponding period of earlier years, but total imports of such wool were 15,758,000 pounds in the first 7 months of 1933 and averaged 39,100,000 pounds for that period in the 5 years, 1929-1933.

Machinery activity figures for July indicate a further decline in that month in most branches of the wool industry. Figures for August are not yet available, but unofficial reports indicate that manufacturing operations showed little change from the low level of July. Because of a change in the Bureau of the Census reports on consumption, it is not possible to compare consumption figures for July 1934 with those for earlier months. The new series will cover 4-week periods instead of calendar months. The reports will also be much more complete as they will cover approximately 97 percent of the industry instead of about 80 percent previously reported. The consumption of combing and clothing wool reported for the 4 weeks ended July 28 was 8,846,000 pounds, in clean equivalent. In June, manufacturers representing about 80 percent of the industry reported a consumption of 8,275,000 pounds of such wool and in June 1933 they reported 20,127,000 pounds. Consumption on a clean basis by these manufacturers in the first 6 months of 1934 was 22 percent smaller than in the first half of 1933.

The Bureau of the Census in cooperation with the code authorities for the Wool Textile Industry and the National Wool Trade has resumed publication of quarterly reports on stocks of wool, tops, and noils held by United States dealers and manufacturers which had not been published since April 1930. The new series gives a larger coverage of total stocks than was possible in earlier reports. It does not, however, represent the total wool stocks of the country, for it does not include wool still in the hands of growers or merchants and stored in western warehouses. Stocks of raw wool, excluding carpet wool, reported on June 30, 1934 were 349,117,000 pounds in condition reported, or 168,716,000 pounds in clean equivalent. In addition, dealers, topmakers, and manufacturers held 46,261,000 pounds of tops and noils made from combing and clothing wool.

Trading and manufacturing activity continues very quiet in the wool centers of England and continental Europe. No change has been reported in the German import restrictions which are seriously restricting export trade in many of the other countries.

Production for 1934 in 13 1/ countries which furnish about two-thirds of the world wool production, exclusive of Russia and China, is now provisionally estimated at 2,138,000,000 pounds or approximately the same as in 1933, but 6 percent below production in 1932. Exports of wool for the entire 1933-34 season ended June 30 from Australia, New Zealand, and the Union of South Africa and for 9 months ended on the same date for Argentina and Uruguay amounted to 1,676,000,000 pounds, compared with 1,933,000,000 pounds in the previous season and an average for the five preceding seasons of 1,673,000,000 pounds. Stocks

1/ Australia, New Zealand, Union of South Africa, United States, England and Wales, Scotland, Northern Ireland, Irish Free State, France, Germany, Greece, Yugoslavia, and Turkey.

accumulated toward the end of the season just closed in most Southern Hemisphere countries, except New Zealand, as a result of the decline in European demand and the erection of trade barriers by important wool importing countries. Nevertheless, apparent available supplies 1/ from these countries for the 1934-35 selling season do not appear to be particularly burdensome as they are 10 percent below supplies for the 1932-33 season.

COTTON

Prices of American cotton in domestic markets continue very stable during August and the first part of September, except for the temporary spurt which followed the August crop report. The September report forecasts the 1934 domestic crop at 9,252,000 bales which together with a carry-over of 10,634,000 bales indicates a world supply of American cotton for the season of slightly less than 19,900,000 bales compared with 24,600,000 bales last season. The world supply of foreign grown cotton, however, will probably be larger than last season due to a record carry-over of that cotton and present indications point more toward an increase in production than a decrease. Domestic cotton consumption increased considerably during August, but has been running at a very low rate during the first part of September due to the strike among the textile employees. Activity in most European countries was somewhat lower in August and early September than in previous months and considerably lower than a year earlier. In Japan, however, mill consumption continued at about record levels although sales were apparently less than output.

Since August 11 the average price of Middling 7/8 inch cotton in the 10 markets has fluctuated within a range of about 1/3 cent per pound. On September 11 the average was 13.10 cents compared with a weekly average for the week ended September 1 of 13.07 and an average for the week ended August 18 of 13.17 cents. The monthly average for August was 13.12 cents compared with 12.58 cents in July and 9.24 cents in August last year. The farm price for August was 13.1 cents compared with 8.8 for August 1933 and was the highest for any month since June 1930. The August farm price was 86 percent of the parity price compared with 81 percent in July and 63 percent in August last year.

On the basis of conditions as of September 1 the 1934 United States cotton crop is forecast at 9,252,000 bales. This represents an increase of 57,000 bales compared with the August forecast. It is 3,795,000 bales less than last year's crop and 5,414,000 bales less than average production in the 5-year period, 1928 to 1932. With the world carry-over of American cotton estimated by the Bureau of Agricultural Economics at 10,634,000 bales, present indications are that the world supply of American cotton for the 1934-35 season will be less than 19,900,000 bales compared with 24,600,000 bales last season, 26,000,000 bales in each of the two previous seasons, and an average of about 22,200,000 bales for the 5-year period ended 1932-33. The indications are, however, that the world supply of foreign cotton for the 1934-35 season will be considerably larger than that of last season as the carry-over of this cotton is the largest on record. Early reports indicate that the 1934-35 crop in China, Manchuria, and North Brazil will be larger than that of last season. The new crop in Russia and Mexico is expected to be smaller, however. The total Egyptian acreage planted this year was smaller than the acreage from which the 1933-34 crop was harvested. The total foreign production

1/ Carry-over plus estimated production.

may not show much change in either direction although the information available at present indicates that the probabilities are greater for an increase than a decrease.

During the 1933-34 season world mill consumption of American cotton amounted to 13,539,000 running bales, according to data recently received from the International Federation of Master Cotton Spinners' and Manufacturers' Associations. This represented a decrease of 632,000 bales or 4 percent from that reported for 1932-33, but was the largest with that exception since 1928-29. Most of the decline in the world consumption last season as compared with the season before occurred in the United States where there was a drop of 450,000 bales or more than 7 percent. Consumption of American cotton outside the United States last season declined only about 2 percent, but at the same time mill consumption of foreign cotton, most of which was outside the United States, increased 1,373,000 running bales or 13 percent. There was a substantial increase in the world consumption of Indian, Egyptian, Chinese, and Brazilian due in part to the fact that the supply of each of these growths was larger last season than the season before. The supply of American on the other hand was considerably smaller than in 1932-33.

The current cotton textile situation in the United States is dominated by the labor situation. Reports during the second week of September indicate that perhaps more than half of the employees of the domestic cotton mills were on strike. This means that current domestic consumption is at a very low level, but thus far it has had little apparent effect on cotton prices. Unless the strike is of long duration it is probable that retail sales of cotton goods to consumers may not be very materially affected. This would mean that over a period of several months domestic mill consumption would not be materially affected although consumption for the month of September will probably be low. During August total mill consumption of cotton in the United States amounted to 421,000 running bales which represented an increase of 17 percent over July but was much smaller than the unusually large consumption in August last year. Sales and shipments during August were apparently considerably larger than output in print cloths, broadcloths, and a few other lines resulting in a considerable reduction in stocks and an increase in unfilled orders.

In Great Britain mill activity in August and early September has been estimated by the New York Cotton Exchange Service at 60 to 65 percent of regular full normal which is apparently about the same as a year earlier, but lower than during the first half of 1934. In Germany the cotton mill consumption has been restricted by decree to 70 percent of the average of the first quarter of 1934. The demand for cotton textiles is reported as greater than the restricted output, mills having to turn down orders. In France yarn and cloth business continued slow with mill activity reported at around 60 percent of normal compared with 65 to 70 during July and 80 during August and September last year. Activity in Italy was also apparently around 60 percent of normal in August and early September. Mill activity in Japan continued at about record levels during August despite the fact that sales are said to have run below output.

LAMBS

Lamb prices, after making some recovery following the severe decline in July, reacted sharply in the third week in August but quickly regained most of the drop and have since fluctuated within narrow limits. Marketings of this year's lamb crop until late August were smaller than the marketing of a year earlier, but more recently they have been larger and during the next 6 weeks they probably will continue to exceed the marketings of the corresponding period of last year. Total marketings, however, will be influenced somewhat by the extent to which ewe lambs are retained to replace old ewes sold to the Government in drought areas. The proportion of the market supply going to slaughter is likely to be considerably larger than a year earlier even though marketings will be below average in flesh condition, and the proportion taken for feeding will be smaller. With reduced supplies of competing meats in prospect, lamb prices during the remainder of the year are expected to be maintained near present levels even though the demand for feeder lambs will be much below average.

The decline in lamb prices in July carried the weekly average of good and choice lambs at Chicago to $6.38, the average for the last week in that month. The average then rose to $7.10 by the second week in August and dropped to $6.62 in the third week. It has since been maintained around $6.75. The average for the month of August was $6.79 and compares with $7.32 in July and $7.31 in August last year. The August 15 farm price of lambs was $5.02, compared with $5.64 in July and $5.26 in August 1933. The farm price of sheep was $2.59 compared with $2.73 in July and $2.57 in August last year.

Market supplies of lambs during most of August were slightly smaller than those of a year earlier, but in late August they were larger than in the corresponding period of last year and continued above those of a year earlier during the first half of September. Receipts at seven leading markets in August were 29 percent larger than in July but were 3 percent smaller than in August last year. Federally inspected slaughter of 1,523,328 head was nearly 18 percent larger than that of July and 2.6 percent larger than the 5-year August average but was about the same as that of August last year. Inspected slaughter of 5,320,000 head during the first 4 months of the current marketing year which began May 1 was 10 percent less than in the corresponding period of 1933. This decrease was due in part to the delayed movement of lambs to market. During the next few months it is expected that slaughter will be larger than that of a year earlier.

Government buying of sheep and goats as a drought relief measure started during the second week of September, and it is contemplated that about 5,000,000 ewes 1 year old and over will be purchased. Purchases will be made only from those producers who have insufficient feed, as a result of the drought, to maintain their entire flocks.

Business statistics relating to domestic demand

Year and month	Industrial production 1/	Factory payrolls 2/	Factory employment 2/	Commodity prices			Commodity prices		Interest rates 6/	Industrial stock prices 7/
				United States			Foreign 5/			
				Prices paid farmers 3/	Wholesale 4/ 1910-1914 = 100	Wholesale 4/ 1926 = 100	In foreign currency	In dollars		
	1923 - 1925 = 100						1926 = 100			
1929 -										
July	124	107	106	140	141	96	94	96	6.00	344
Oct.	118	112	108	140	139	95	94	96	6.19	321
1930 -										
Jan.	106	96	97	134	135	92	90	92	4.94	252
Apr.	104	98	96	127	131	90	86	88	3.88	288
July	93	84	90	111	123	84	83	84	3.16	232
Oct.	88	82	88	106	121	83	80	81	2.92	196
1931 -										
Jan.	83	70	80	94	114	78	76	77	2.85	168
Apr.	88	74	81	91	109	75	76	76	2.38	162
July	82	66	77	79	105	72	74	73	2.00	143
Oct.	73	61	74	68	103	70	72	66	3.50	102
1932 -										
Jan.	71	54	69	63	98	67	71	60	3.88	79
Apr.	64	50	66	59	96	66	69	60	3.73	63
July	58	40	59	57	94	64	67	56	2.54	46
Oct.	66	45	64	56	94	64	68	55	2.07	64
1933 -										
Jan.	65	40	60	51	89	61	68	54	1.44	62
Apr.	67	39	60	53	88	60	66	55	2.60	65
July	100	51	72	76	101	69	68	75	1.75	100
Aug.	91	57	76	72	102	70	68	73	1.75	98
Sept.	84	59	80	70	103	71	69	78	1.53	100
Oct.	77	59	80	70	104	71	69	78	1.50	93
Nov.	73	56	76	71	104	71	69	85	1.50	96
Dec.	75	54	74	68	103	71	68	84	1.50	99
1934 -										
Jan.	78	54	73	70	105	72	69	84	1.50	103
Feb.	81	61	78	76	107	74	69	86	1.50	107
Mar.	85	65	81	76	108	74	69	87	1.26	102
Apr.	86	67	82	74	107	73	69	86	1.25	104
May	86	67	82	74	108	74	68	85	1.18	95
June	83	65	81	77	109	75	68	85	1.00	97
July	76	60	79	80	109	75	69	85	1.00	94
Aug.				87					1.00	92

1/ Federal Reserve Board index, adjusted for seasonal variation.
2/ Bureau of Labor Statistics indexes, without seasonal adjustment.
3/ United States Department of Agriculture, August 1909-July 1914 = 100.
4/ Bureau of Labor Statistics index.
5/ Weighted average of index for eight foreign countries - United Kingdom, Canada, Japan, France, Italy, Germany, China, and the Netherlands.
6/ The Annalist. Average of daily rates on commercial paper in New York City.
7/ Dow-Jones index is based on daily average closing prices of 30 stocks.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

For ~~release October 15, 1934~~

THE PRICE SITUATION, OCTOBER 1934

FARM PRICES

The general level of farm prices after a marked rise from May to September has declined a little since September 15, when farm prices were at the highest level since December 1930. Market prices of cotton, grains, potatoes, and most livestock are lower than a month ago. The revised and enlarged index of farm prices issued last month was 102 in mid-September (August 1909-July 1914=100) compared with 96 in August, 87 in July, and 80 in September 1933. 1/

Prices paid by farmers for commodities in mid-September averaged 126 percent of the pre-war average compared with 125 in August and 116 in September 1933. The rise in prices paid by farmers of 5 points from June to September was due largely to a marked rise in prices of feed and seeds as a result of the short grain crops. Prices paid for articles used in production advanced 8 points from June to September whereas prices of commodities used for family maintenance rose only 1 point.

The ratio of prices received to prices paid by farmers in mid-September was 81 percent of the pre-war average compared with 77 in August, 71 in July and 69 in September 1933. Farm prices of oats and barley equaled the "parity price" level in September. Prices of cottonseed and flue-cured tobacco were considerably above "parity". A year ago farm prices of these four products ranged from about 30 to 50 percent below "parity".

Cash income from the sale of farm products in August 1934, excluding the sale of cattle to the Government, was estimated at $499,000,000 compared with the revised estimate of $463,000,000 in July and $412,000,000 in August 1933. The increase in income from July to August this year, however, was much less than the usual seasonal increase because of the smaller than usual increase in the marketings of small grains, cotton, and potatoes. Rental

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1/ Revised index numbers of farm prices presented by the Bureau of Agricultural Economics as an improvement in representing changes in the prices of the farm products of the United States. The revision was begun in 1931 to utilize the results of the 1930 Census and additional data provided by the Crop Estimating Service for making index numbers of farm prices more representative of the actual changes in the prices of all farm products. The principal changes are (1) the use of improved price series for dairy products and tobacco, (2) the addition of the prices of 20 products including a group of truck crops. (3) shifting the weights from the marketings of the 1918-1923 period to those of the 1924-1929 periods, and (4) index numbers for each group of commodities are weighted in proportion to that group's contribution to total cash farm income whereas formerly the combined index of farm prices was computed from the weighted aggregate value for the 27 commodities used in that series. The complete report may be had upon request.

and benefit payments in August amounted to $47,000,000 compared with $20,000,000 in July and $1,000,000 in August last year. Income from the emergency sale of cattle in the drought areas in August amounted to $26,000,000. Thus the total cash income to farmers including rental and benefit payments and income from the emergency sale of cattle equaled $572,000,000

The general level of farm wage rates rose 3 points during the 3 months ended October 1, to 93 percent of the pre-war average. October 1 witnessed the return to an average of a dollar daily wage with board for the United States as a whole for the first time since January 1, 1932. Seasonal increases in all rates raised the index to a level 7 points higher than on October 1, 1933, and to the highest level since April 1932. Despite some decline in the supply of farm workers available for hire and the present favorable price wage ratio, farmers have not made increases in their hired labor forces since drought and acreage reduction have materially cut labor requirements in the central and southern portions of the United States.

WHOLESALE PRICES

The general level of wholesale prices in the United States increased during the past year from 104 percent of the 1910-1914 average in October 1933 to about 112 percent in early October this year. This rise has been accounted for almost wholly by advances in prices of farm products and foods as prices of nonagricultural products combined (other than farm and food) have been practically unchanged since October 1933. Wholesale prices of farm products, which declined further than prices of other groups of commodities prior to March 1933, have since had the greatest advance, due in a large part to reduced production. The ratio of prices of farm products to nonfarm products has thus been markedly increased, especially since December 1933.

Prices of textile products, hides, and leather, are now considerably below their post-depression high point of a year ago. The decline in prices of these commodities and building materials in recent months has been more than offset by the advance in prices of farm products, foods, fuel and lighting products. Despite the marked advance from the depression low, farm products in percentage of the pre-war average are still about the lowest of any specified group of products whereas prices of building materials, house furnishing goods, fuel and lighting products are the highest.

A combined index of wholesale prices in the moneys of eight foreign countries which take about 75 percent of our agricultural exports was practically unchanged during the year ended last August at about 69 percent of the 1926 average.

Wholesale prices in France, Italy, Belgium, Switzerland, and Poland, have declined further during the past year to the lowest levels of recent years. Prices in Netherlands, Austria, Hungary, and Yugoslavia are but slightly higher than a year ago. Prices in Japan have declined a little during the past year whereas prices in the British Empire generally, and in Egypt particularly, have increased somewhat. Prices in the United States, Germany, Argentina, and the Scandinavian countries have increased substantially since a year ago.

BUSINESS CONDITIONS

Although industrial production in September was slightly lower than in August, increased activity in several lines of industry during the latter half of the month indicated that the seasonal autumn recovery in business was beginning. Steel mill activity during the first half of September reached the lowest level since April 1933 but increased slightly more than seasonally during the last half of the month. Textile production was greatly curtailed during the first half of the month but after the settlement of the textile strike, production increased sharply in the last week of the month. Building contracts awarded during the first 3 weeks of September averaged slightly higher than in August due largely to some increase in residential and public works contracts. The decline in business activity in the past few months has been accompanied by some decline in employment and payrolls but the incomes of industrial workers are still somewhat larger than a year ago. This, together with the larger incomes of farmers and the Government relief expenditures has stimulated retail trade. The sharp increase in retail sales in August was followed by only a slight recession in September in department store sales and a further increase in rural sales.

The low levels in the textile industry during June, July, and August and the curtailment of production in September due to the strike has reduced stocks of textile goods, indicating more than the usual seasonal improvement in cotton textiles during the fall months. Activity in wool textiles has passed through one of the longest periods of decline on record and prospects are for some improvement in production during the fall and winter months. Steel production has increased more than seasonally but the chief sustaining factors are purchases for government construction and miscellaneous demand. Automobile production has declined more than seasonally in the last 2 months and indications are that the manufacture of 1935 models will not get underway in volume until near the turn of the year. Railway buying of steel has been sharply curtailed due to the decline in the net operating revenue of railroads. Thus present indications point to only a moderate improvement in steel production during the fall months. Total construction contracts awarded during the last quarter of the year are not expected to equal those of the same period of 1933 when there was a sharp increase in contracts awarded due to the increase in public works projects. Some increase in residential contracts is probable due to the modernization program of the Federal Housing Administration but the influence of this program is not likely to be fully reflected in business activity until the spring of 1935.

Retail sales have shown improvement in the last 2 months. In August the Federal Reserve Board's index of department store sales, after adjustment for the usual seasonal changes, was 79, or the highest since April 1932. In September dollar volume of sales in department stores was 76 percent of the 1923-1925 average. Retail sales of automobiles in September were almost as large as in August whereas the normal trend is downward. In rural areas the increase in the purchasing power of farm products plus rental and benefit payments and the liquidation of livestock has been accompanied by larger sales of general merchandise in towns of less than 30,000 population. During the period June, July, and August, sales for the United States averaged 7 percent higher than a year ago but in the far western areas sales were 13 percent higher, in the eastern 11 percent higher and in the southern areas $9\frac{1}{2}$ percent higher than in the same period of 1933. In the Midwest where the

drought has been unusually severe, retail sales were only $4\frac{1}{2}$ percent higher during the summer months than in the same period of 1933. In September sales in rural areas averaged 33 percent above the same month of last year.

While business activity in many foreign countries in the last few months has shown some decline, the decline has been less than in the United States and in some of the leading countries industrial activity has been well maintained. In Great Britain the fall in business activity in July and early August has been followed by a normal seasonal upturn. The marked improvement in business activity in Great Britain from April 1933 to June 1934 was due largely to an increase in building activity. Although much building still remains to be done in Great Britain any further expansion depends largely upon a revival of international trade. In France industrial production has continued to decline, although preliminary information for August indicates the decline was less marked than in the earlier months. The improvement in business activity in Germany has so far been maintained despite the restrictions upon imports of raw materials. In September Germany's entire foreign trade, including imports and exports, was put under complete government control for the purpose of conserving the supply of foreign exchange to insure the importation of the most essential commodities. The marked advance in the price of farm products has greatly improved the business situation in Latin American countries. Business activity in Japan has been well maintained but a typhoon passed through the principal manufacturing district of Japan during the past month doing considerable damage.

WHEAT

Wheat prices have declined during the past month largely under the influence of the pressure of French and Argentine offerings on the world markets. The Liverpool market declined about 17 cents per bushel from September 10 to October 3, but North American markets showed considerable resistance, Winnipeg and Chicago prices declining only about 10 cents per bushel during the same period. The decline appeared to be of a temporary nature, however, in view of a sharp upturn following the low point. Although the course of prices during the next few months will depend largely upon future developments as to Southern Hemisphere crops and upon the extent to which wheat may be used as a feed for poultry and livestock, prospects as of October 13 suggest some further recovery from the low point.

The United States average farm price of wheat as of September 15 was 92.2 cents per bushel compared with 89.6 cents a month earlier and 71.1 cents per bushel in September 1933. Market prices of cash wheat also averaged somewhat higher in September than in August. Thus, the weighted average price of No. 2 Hard Winter at Kansas City was 107.5 cents per bushel compared with 106.6 cents for August. Gains were made in each of the other representative wheats.

Futures prices, on the other hand, averaged slightly lower in September than in August. At Chicago, December futures averaged 104.9 cents compared with 106.1 cents in the previous month. The relative weakness of futures as compared with cash prices is indicative of the fact that the decline of prices which took place in the United States after early September was of a speculative nature rather than due to any weakness in the domestic cash market situation.

The decline in prices which has taken place in United States markets is directly traceable to the weakness of foreign markets, as reflected by Liverpool futures which declined fairly continuously for 8 weeks from August 10 to October 3. The early part of this decline appeared to be rather distinctly a reaction to the very rapid rise which took place during July and early August. The subsequent decline of about 15 cents per bushel from early September to early October, on the other hand, has been associated with selling pressure from France and Buenos Aires on world markets, together with the marketing of fairly large quantities of native wheats in the various continental European markets.

There have been no major changes in crop prospects during the past month though there have been a number of minor revisions. Most of them have been upward with the result that the Northern Hemisphere crop is not now expected to fall so much below 1933 as previously appeared. Indicated crops of 40 Northern Hemisphere countries now total 2,883,000,000 bushels for 1934 compared with 3,149,000,000 bushels for the same countries last year.

In the United States the spring wheat crop was indicated by October 1 conditions to be 96,500,000 bushels compared with 92,800,000 bushels indicated a month ago. This brings the total crop up to 497,000,000 bushels, but the change is not sufficient to affect materially the prospects for the relationship between United States and foreign markets. During August 432,000 bushels of wheat entered United States customs for consumption and apparently about 500,000 bushels were entered for warehousing which will eventually be entered for consumption. Early indications are that about 2,000,000 bushels were brought in during September in addition to the imports for milling in bond. Most of this wheat, entered for consumption or for warehousing, has been durum and is in line with the indicated need for foreign durum supplies to supplement the very short supplies available in this country.

Owing to the greater decline of prices at Liverpool and Buenos Aires than in the United States we are now fairly close to an import basis for non-premium wheat, but there is no prospect for large importations of such wheat unless very large amounts should be fed in the United States. Before there will be very heavy feeding of wheat it will be necessary for corn prices to rise further compared with wheat so that the feeding of wheat in place of corn will be advantageous over large areas. The September 15 United States farm price of corn was approximately 15 cents per bushel below that of wheat and in only a few Western States was the price of corn approximately as high as that of wheat. It would be necessary for corn to rise relative to wheat by about 10 cents per bushel over the September 15 level for wheat feeding to be very heavy in the United States.

At the present time there appear to be two distinct possibilities of a marked advance in world wheat prices. On the one hand, there is the possibility of damage to the Argentine crop in that it is now entering the critical period and, on the other, there is the possibility of heavy feeding of wheat in the United States and Europe. The occurrence of the first might reasonably be expected to result in a marked upswing of prices beginning in October or November. The occurrence of the second would presumably have a somewhat more delayed effect upon prices.

There is, on the other hand, the possibility that developments in Argentina will be wholly favorable to the new crop and the outturn greater than expected. In such an event, only a moderate recovery from recent low levels is to be expected and this may be followed by later sagging of prices as new-crop supplies become available. In any event, however, it is to be expected that when the marketing of European crops is well completed and domestic supplies in Europe begin to near exhaustion this will be an important strengthening factor in the world market and would largely offset favorable crop news from the Southern Hemisphere. By and large, present prospects suggest recovery from recent low levls and that there is more likelihood that this recovery will be followed by a still further advance rather than by a decline.

CORN

Corn prices may be expected to remain at relatively high levels throughout the coming year. Prices have risen markedly since early summer due to the effects of the drought. The extreme shortage of feed during the 1934-35 feeding season will largely tend to prevent the usual early seasonal decline and may bring about somewhat higher corn prices by December and January.

The September 15 farm price of corn was 77.4 cents per bushel, the highest level reached since October 1930, compared with 72.7 cents on August 15 and 46.5 cents on September 15, 1933. The September 15, 1934 "fair exchange value" was 80.9 cents per bushel. The advance in the farm price from August 15 to September 15 was general throughout the country with prices about 5 cents higher in the Middle Atlantic, North Central and Rocky Mountain States and 3 cents higher in other sections. In the Mountain and Pacific States the farm price of wheat was less than that of corn; also, on a pound basis barley was cheaper than corn. For the United States as a whole, however, a pound of corn is cheaper than any other grain, rye is second, wheat is the next cheapest, then oats, and lastly barley. In recent months wheat prices have been relatively weaker than corn. Generally speaking, a bushel of wheat sells for one third to two fifths more than a bushel of corn, but on September 15, the farm price of wheat was only 15 percent greater than corn. The September average price of No. 3 Yellow at Chicago was 80 cents per bushel. Market prices were generally steady during that month and also early in October. Oats prices showed little change in September but declined early in October.

The 1934 corn crop was estimated as of October 1 at 1,417,000,000 bushels, or 5 percent under the September forecast. While the crop is 40 percent below the 1933 harvest, animal units have been reduced only about 20 percent. September weather, generally speaking, was favorable with rainfall in excess of normal in all the important corn states. The crop is now mostly safe from frost. The estimated production of corn to be actually husked or snapped for grain is 1,048,000,000 bushels compared with 2,029,000,000 bushels in 1933, a reduction of 48 percent. Stocks of old-crop corn on farms, October 1, were 265,000,000 bushels, being concentrated largely in Iowa, Illinois and Nebraska. This compares with 316,000,000 bushels a year ago and a 5-year average of 224,853,000 bushels. Stocks on farms and in the markets, together with the crop, make a total 1934-35 supply

of 1,745,000,000 bushels compared with the 5-year average of 2,708,000,000 bushels. Very little change was made in the oats and barley estimates which were 546,000,000 bushels and 122,000,000 bushels, respectively. The October 1 farm stocks of oats of 461,000,000 bushels and market stocks of 26,000,000 bushels total to 487,000,000 bushels or only 55 percent of the 5-year average supply on that date.

Somewhat larger imports of feed and feedstuffs have been induced by the unusually short domestic supplies. Corn importations during June, July and August totaled 296,000 bushels compared with only 37,000 bushels in those months last year; of oats 166,000 and 83,000 bushels in the same periods, respectively. Increases were also in evidence among imported by-product feeds. Prospective imports of various feeds, however, are insufficient to offset the deficit, except in coastal areas. The feed shortage is being relieved somewhat by the record improvement in pastures during September particularly in the Southwestern, Central and Eastern States, resulting from better-than-normal rainfall and absence of frosts. The drought remains unbroken in large parts of the West.

Receipts of corn at the 13 principal markets during September declined sharply from those of the previous month and totaled only 18,463,000 bushels but exceeded the 5-year September average of 16,849,000 bushels. So far this season, November 1933-September 1934, receipts at these markets totaled 194,330,000 bushels compared with the 5-year September average of 207,016,000 bushels. The September 1934 receipts of oats at the same markets were also smaller, being only 4,867,000 bushels as against 7,259,000 bushels in August. Oats receipts for the 1933-34 season aggregated 64,093,000 bushels.

Market stocks of corn increased further in the first half of September, but decreased in the last half of the month, being 61,373,000 bushels on September 1, 64,130,000 bushels on September 22 and 61,303,000 bushels on October 6. This accumulation in markets was only slightly larger than a year ago when 60,507,000 bushels were in store. Wet-process corn grindings for domestic products during September totaled 4,831,000 bushels, a decrease of 26 percent from August, due principally to the textile strike, which restricted the use of cornstarch, and to the high price of corn.

RICE

Domestic rough rice prices during September were at or slightly above prices established in the marketing agreements. Early in October (October 8) most sales of southern rice were being made at 5 to 25 cents above the minimum price which for number 1 grade prime A milling quality Blue Rose is $3.15 per barrel of 162 pounds. California mills were bidding 3 percent premium over the basic level with number 1 paddy yielding 50 pounds of head rice per 100 quoted at $1.75 and that yielding 54 pounds, $1.82 per 100 f.o.b. Sacramento Valley shipping points. Base prices for the 1934-35 Southern and California crops have not as yet been issued by the Agricultural Adjustment Administration. Since August, the first month of the 1934-35 southern rice crop year, movement of southern rice into foreign and domestic trade channels has exceeded that of a year ago, while that for California has been somewhat less.

Harvesting of the sourthern rice crop has been delayed by rains which probably caused some reduction in yield and quality. The October 1 estimate for the South was slightly lower than that of a month ago, being 29,426,000 bushels (8,174,000 barrels). The 1933 southern crop was 29,577,000 bushels (8,216,000 barrels). Weather conditions were more favorable in California where 50 to 60 percent of the crop has been cut and 15 to 20 percent threshed. Field yields turned out better than indicated by earlier prospects and the October 1 estimate was 7,035,000 bushels compared with 6,930,000 bushels on September 1 and the 1933 harvest of 6,042,000 bushels. The total United States crop was placed at 36,461,000 bushels (10,128,000 barrels), according to the October 1 report.

Movement of southern rice into domestic and foreign trade channels during the first 2 months of the 1934-35 season was above average. Shipments from southern mills during August totaled 555,000 pockets of 100 pounds each, and during September 747,000 pockets, making a total for the 2 months of 1,302,000 pockets. In the same months of the 1933-34 season, 1,054,000 pockets were moved. Shipments of southern rice to Puerto Rico during August, September, and the first week of October totaled about 135,000 pockets against 91,000 pockets in the same months last year. The increase was due largely to the relative cheapness of southern Japan rice and Blue Rose compared with California-Japan. Also, exports of southern rice have increased considerably over last season, totaling 173,000 pockets compared with 109,000 pockets in the early fall period last season.

The 1934-35 California season began October 1, 1934. The carry-over of old crop rice on that date has been tentatively placed at around 325,000 bags (100 pounds each) which together with the crop make a seasonal supply of 3,491,000 bags. The principal markets for California rice in 1934-35 will probably be Hawaii, Puerto Rico and the domestic trade. Hawaii took nearly 838,000 bags in 1933-34 and 886,000 bags in 1932-33; Puerto Rico took only 387,000 bags in the former season compared with 520,000 bags in the latter. Not much change is anticipated in Hawaiian takings of California rice in 1934-35 but shipments to Puerto Rico may be smaller. Exports from San Francisco during 1933-34 were practically negligible and will probably continue to be quite small in 1934-35. The 1934 Japan crop is quite small and has been unofficially placed at approximately 52,700,000 koku or 16,566,000,000 pounds, brown basis, which together with the unusually large carry-over and probable imports suggest a total supply of 80,700,000 koku or 25,352,000,000 pounds. Some reduction in 1935 Japanese carry-over is looked for.

POTATOES

The potato crop made rapid improvement in the Central and Northeastern States during September and market prices declined. The price declines were most pronounced in the Central States, where the tendency was to eliminate the spread between Chicago and New York. For several months Chicago prices have averaged above New York because of the scarcity of intermediate potatoes in the Chicago territory and the abundance of potatoes in the New York area. Now that both markets are drawing their supplies from the late states, it is likely that the price relationships between the two markets will be more normal. In view of the large supplies of late potatoes, it is likely that potato prices will remain at or near the present low levels during most of the 1934-35 season.

Unusually good growing weather and the absence of frost, brought about a sizeable improvement in the potato crop prospect in all of the Northern Late States except in the Rocky Mountain area. Therefore, production in the 30 late states is now forecast at 290,000,000 bushels or 28,300,000 bushels larger than the small crop of 1933, but close to the recent 5-year average. The October 1 forecast for the 3 Northeastern Surplus Late States is 110,690,000 bushels, or 26 percent larger than in 1933 and 21 percent above average; for the 5 Central Surplus States, 88,956,000 bushels, or 24 percent larger than in 1933 but only slightly above average; for the 10 Western Surplus States, 56,320,000 bushels or about 22 percent less than last year and 24 percent below average; and for the 12 other Late states, 34,040,000 bushels, or 16 percent greater than a year ago but 8 percent below average. The total United States crop including the early and intermediate states is now estimated at 362,391,000 bushels compared with 320,353,000 in 1933 and 365,556,000 bushels, the 1927-1931 average.

Potato prices at market centers declined during September, particularly in the middle western cities where there was an adjustment of prices in these markets to a more comparable level with those in the eastern cities. Prices of United States No. 1 potatoes at New York averaged 92 cents per 100 pounds in the first week of October compared with 96 cents a month earlier and $1.94 a year ago. At Chicago United States No. 1 round whites averaged 98 cents per 100 pounds against $1.34 a month ago and $1.29 last year.

Potato prices at most of the important shipping points showed seasonal declines during September with the general levels much below those of a year ago. At Presque Isle, Maine, Green Mountains were quoted at from 45 to 50 cents per 100 pound sack during the first week of October whereas they averaged $1.25 per 100 pound sack a year ago. The Maine crop is expected to be at a record high this year and it is reported that, due to the delay in shipments this season, there will not be enough storage space to take care of the entire merchantable portion of the crop. At Waupaca, Wisconsin, f.o.b. prices averaged 70 cents per 100 pound sack for the first week of October compared with about $1.00 a year earlier. F.o.b. prices at Idaho Falls, Idaho averaged 72 cents per 100 pound sack against 79 cents a year ago. The United States farm price of potatoes averaged 62.8 cents per bushel on September 15, compared with 68.0 cents on August 15, 100.8 cents on September 15, 1933, and 74.8 cents the September average from 1910-1914.

Car-lot shipments of potatoes totaled 4,800 cars in the week ended October 6, compared with 3,476 the previous week and 5,673 cars a year ago. Owing to the large supply of potatoes produced in the Intermediate States near the market centers, shipments from the late surplus states have been at a slower rate than last year. To October 6 only 25,784 cars had been shipped compared with 30,216 cars to October 7, 1933.

TOBACCO

Flue-cured Tobacco

Prices of flue-cured tobacco on auction warehouse markets during September advanced above the high levels prevailing in August. The average price for September of all flue-cured types combined was about 26 cents per pound which, except for 1919, was the highest September average on record. In

August 1934, prices averaged 23.2 cents per pound; and in September 1933, the average was 12.2 cents. It will be recalled that in September last year the markets were closed during all except 5 business days, owing to the market holiday which was declared as a result of low prices.

Sales this season have been heavy in volume, notwithstanding the reduced production in 1934, and it appears that two thirds or more of the crop has already been marketed. As a rule not more than 40 percent of the flue-cured crop has been marketed by this time. Reports indicate that practically the entire crop will be sold from farmers' hands by the end of November. Thus, the peaks of marketings and prices will occur much earlier this year than usual. The October 1 estimate of the 1934 production is 545,000,000 pounds, which is an increase of 1.8 percent over the September estimate, but still about 90,000,000 pounds below the estimated world consumption of United States flue-cured tobacco.

The domestic output of products containing flue-cured tobacco (cigarettes and manufactured tobacco) in August 1934, indicated by reports of the Bureau of Internal Revenue, was about 5 percent larger than in July and slightly above August 1933, which was the highest for the month since 1929. Exports of flue-cured tobacco during August 1934 were 17,400,000 pounds compared with 13,700,000 pounds a year earlier, and 18,800,000 pounds for the 5-year August average 1928-1932.

Production of tobacco of all types in the United States in 1934 was estimated as of October 1 at 1,092,000,000 pounds. This was an increase of 13,600,000 pounds over the September estimate, the principal increase occurring in flue-cured tobacco. The October 1 estimate of production is 21 percent below the 1933 crop and 26 percent below the average production for the 5 years 1927-1931. The October estimate of the 1934 production of fire-cured types was 121,628,000 pounds; Burley, 297,559,000 pounds; Maryland, 24,480,000 pounds; Dark air-cured, 32,157,000; Cigar filler types, 36,155,000 pounds; Cigar binder types, 27,431,000 pounds; Cigar wrapper types, 6,983,000 pounds.

HOGS

The fall decline in hog prices began the first week in September following the sensational advance in August, and during the second week in October prices were about $1.25 per 100 pounds lower than the peak levels reached at the end of August but were about that much higher than in the corresponding week last year. New crop hogs are now being marketed in increasing numbers, but average weights are much below those of a year earlier. Because of the shortage and high prices of feed grains there will be a tendency to market hogs much earlier than usual this season, consequently the proportion of the winter supply marketed before January is likely to be about the largest on record. In view of the reduced stocks of hog products now in storage and the lighter weights at which hogs will be marketed, total available supplies of pork and lard during the next 3 months will be considerably smaller than a year earlier and the seasonal decline in hog prices now in progress is likely to be less than usual and of shorter duration.

After reaching $7.46 in the last week of August the weekly average price of hogs at Chicago declined throughout September, and during the first

week of October was down to $5.88. This latter price, however, was $1.26 higher than the average during the first week in August and was $1.20 higher than in the corresponding week last year. The September average at Chicago was $6.82, compared with $5.89 for August and $4.24 in September 1933, and was the highest average for any month since August 1931. Because of their relative scarcity, heavy well-finished hogs sold at a substantial premium over other hogs during September.

Hog slaughter in September was slightly smaller than in August and the total under Federal inspection of 2,601,000 head was about 14 percent less than in September last year. It was the smallest slaughter for the month since 1928. Average weights continued below those of a year earlier and below normal. The weighted average at seven leading markets was 236 pounds compared with 255 pounds in September 1932. Federally inspected slaughter of hogs for the crop marketing year ended with September totaled 43,910,000 head, or 6.8 percent less than in the previous year and 5.3 percent less than the 5-year average.

The rise in hog prices through August resulted in a moderate improvement in the hog-corn ratio. The ratio for September based on Chicago prices was 8.5. In August it was 7.7 and in September last year it was 8.9.

Wholesale prices of fresh pork declined sharply in the first half of September, but little change in such prices occurred in the last half of the month. Prices of cured pork and lard were fairly steady in September, with the August advance being maintained in the case of most products. The composite wholesale price of hog products at New York averaged $18.30 per hundred pounds in September compared with $16.62 in August and $11.65 in September 1933.

Further seasonal reduction in stocks of pork and lard occurred during September. Pork stocks on October 1, totaling 524,000,000 pounds were 3 percent smaller than those of a month earlier, 17 percent smaller than a year earlier, and 1 percent below the 5-year average for that date. Lard stocks totaled 128,000,000 pounds and were 24 percent smaller than those on September 1 and 34 percent below those of a year earlier but were 17 percent greater than the 5-year October 1, average. Lard yields in recent months have been much smaller than average and in August were the smallest in the last 14 years that recordshave been kept.

United States exports of pork in August were larger than in that month a year earlier, but they were smaller than in July. Exports of lard in August, however, were smaller than in July and were the smallest for any month in recent years. The increase in pork exports in August over last year was due entirely to the much larger shipments of fresh frozen pork. Exports of that product for the month of about 4,000,000 pounds were the largest since last February. Shipments of pork from the principal ports in September were not greatly different from those of a year earlier, but shipments of lard were considerably smaller.

The immediate and long-time outlook for the hog industry has been modified considerably by conditions resulting from the 1934 drought. The principal effect of the drought and the resulting feed shortage has been to

cause further curtailment in hog production. A considerable reduction in hog production was already under way prior to the drought, this reduction being the result of high corn prices in relation to hog prices during the last half of 1933 and the first half of 1934 and the operation of the Federal hog production control program which was started in late 1933. Because of the present feed shortage it is expected that the 1934 fall pig crop will be smaller than it otherwise would have been and that the 1935 spring crop will be considerably smaller than it would be if feed were more plentiful. Furthermore, weights of hogs slaughtered during the next 12 months will be much lighter than average.

CATTLE

Prices of most kinds and grades of slaughter cattle were fairly well maintained during September at the levels reached after the sharp advance during the latter part of August, but declined during the first week in October. In general the better grades were steady to strong during most of the month while the lower grades tended to weaken after the middle of the month. The average weekly price of choice steers at Chicago in the last week in September reached $9.69, the highest since January 1932, and over $3.00 a hundred higher than for the corresponding week in 1933. Prices of stocker and feeder steers at Chicago tended to decline during most of the month and at the close were at about the same level as a year earlier, whereas at the end of August they were from 15 to 20 percent higher than a year earlier. Also the price relationships between Chicago and the River markets on unfinished cattle tended to get back to normal. Usually at this season the average weekly price at Kansas City is considerably above Chicago but for some weeks it had been below Chicago and also below the corresponding weeks in 1933. The average price of beef steers at Chicago in September was 8.06 compared with 7.34 in August and 5.75 in September 1933, and was the highest monthly average since November 1931. The average farm price of beef cattle September 15 was $4.21 compared with $3.71 August 15 and $3.61 September 15, 1933 and the 1910-1914 September average of $5.35.

The supply of commercial cattle continued liberal during September with receipts at seven leading markets of 882,000 head, 16 percent larger than in September last year and 1 percent above the 5-year September average. Total inspected slaughter, including government, in September was 1,786,000 head, the largest for the month on record. Although the number of commercial cattle in the September slaughter is as yet unknown, it probably exceeded somewhat the slaughter in September last year. Calf slaughter of 831,000 head, including government, was also the largest for the month, with commercial slaughter probably larger than a year earlier.

Receipts of beef steers from the Corn Belt at Chicago in September were about 10 percent smaller than in September 1933, although total receipts of commercial cattle were nearly 15 percent larger. The number of choice steers, however, was practically the same as last year and of good steers was considerably larger. The total of the two better grades was about equal to the average in September for the preceding 12 years. During September there was little evidence of a tendency to liquidate feed lot cattle as a result of the shortage and higher prices of feed. Shipment of stocker and feeder steers from leading markets continued large during September compared with the very small shipments of last year, (50 percent larger) with the greater part of the movement being into the states east of the Mississippi River and very few into the worst drought states. Shipments of feeder calves in September were also much larger than a year earlier.

To what extent these increased shipments of stocker and feeder cattle will be reflected in increased grain feeding in the state where they are going is uncertain. It is thought, however, that to a considerable extent these cattle are being bought to use up available pasture and roughage this fall and winter and to be grazed next summer rather than for immediate finishing.

The supply of cattle for commercial slaughter during the remainder of the year will be affected somewhat by the final outcome of the Government purchases and by the character of the early winter. Inspected commercial slaughter of both cattle and calves for the 3 months, October to December, is expected to at least equal that for the same period last year and may considerably exceed it if the winter should start in early. Prices of the better grades of cattle are expected to be fairly well maintained during this period, but there may be further declines in lower grades if the movement of these should be heavy both as a result of the weather and the cessation of government buying.

BUTTER

Butter prices in September were lower than in August in contrast to the usual seasonal increase at this time of the year. With widespread rains and improvement in pastures fall production of butter has been large even though feed supplies are short and relatively high priced. Consumer expenditures for butter are decidedly larger than a year ago. Stocks of butter increased in September but are less than last year. Short supplies of feed and relatively high prices would seem to indicate relatively light production after the pasture season is over. Authorization has been made for the purchase of butter for relief purposes. The probable extent of these relief purchases is an uncertain factor in the situation.

The price of 92 score butter at New York advanced rapidly in August to the highest point in more than 30 months. This advance was not maintained and the average price in September of 25.8 cents was 1.6 cents less than in August but 2.2 cents higher than a year earlier.

The farm price of butterfat in mid-September of 24.0 cents was somewhat lower than in August but 4.4 cents higher than in the same month of the preceding year and 6.4 cents higher than in August 1932. Butterfat prices in relation to feed grains, however, are the lowest in about 14 years. This price relationship together with short supplies of feed indicate relatively light production during the winter months.

Estimated production of creamery butter in August of 162,600,000 pounds was relatively heavy in view of the poor pastures, being 2.4 percent less than the record August production in 1933. In the East North Central States production was 10.5 percent greater than a year earlier. This increase was offset by the declines in the areas most seriously affected by the drought. In the West North Central States there was a decline of 4.7 percent from the preceding year, and in the South Central and Mountain States a decline of about 20 percent. In the states most seriously affected by the drought, Kansas, Missouri, Oklahoma and Texas, the decreases were 25 percent or more.

Milk production per cow on October 1 of 12.09 pounds (as reported by crop correspondents) was about 1 percent larger than the low production on that date in 1933. The percentage of cows being milked, 70.9 percent, was

larger than a year earlier and the highest for that date in the 10 years for which comparable records are available. The high percentage of cows being milked is probably a result of culling dry cows from herds.

The movement of butter into consuming channels in August of 150,900,000 pounds was 6.2 percent larger than in the same month of the preceding year. This increase in trade output together with the 20 percent increase in retail prices indicated that consumer expenditures for butter were about 28 percent above the relatively low point in August 1933, but somewhat less than for the corresponding month in 1931.

Cold storage holdings of butter on October 1 of 125,000,000 pounds were 4,400,000 pounds larger than on September 1. It is unusual for a net into-storage movement to occur during September. Even with the increase in stocks that has occurred, stocks are about 50,000,000 pounds less than on the same date in 1933, but about the same as the 1929-1933 average.

On October 4 the price of New Zealand butter in London of 15.4 cents was 10.8 cents less than the price of 92 score butter at New York, while the price of butter in Copenhagen of 18.0 cents was 8.2 cents less than New York.

CHEESE

With heavy production and large stocks cheese prices have declined at a season of the year when prices usually increase. Trade output of cheese has been unusually large, and consumer expenditures decidedly larger than a year earlier. While current supplies are large, the short supplies of feed grains and forage indicate relatively light production during the winter months. The short supplies of meat that are in prospect for the coming year will also tend to strengthen cheese prices.

The price of cheese (twins) on the Wisconsin Cheese Exchange declined from 12.75 cents in mid-August to 11.25 cents in mid-September. The price in September averaged 11.6 cents, one-half cent less than in August but 1.1 cents higher than in the same month of the preceding year. Heavy production during recent months together with large stocks have tended to depress prices.

Estimated production of cheese in August of 47,800,000 pounds exceeded the preceding high for August by 5.4 percent. August production was only 7.7 percent less than July, compared with the usual seasonal decline of about 14 percent. American cheese production was 4.2 percent greater than a year earlier. Wisconsin production was up 3 percent but in the East North Central States exclusive of Wisconsin the increase was 17 percent and in New York 50 percent. The decreases in production were in the West North Central and Southern States.

Trade output of cheese in August of 54,900,000 pounds was a new high for the month and 24 percent larger than a year earlier. This increase in trade output together with slightly higher retail prices indicate that consumer expenditures for cheese were about 26 percent above the low level of August 1933.

Stocks of American cheese continue high. Cold storage holdings on October 1 were 104,000,000 pounds compared with the 5-year average of 83,800,000 pounds.

CHICKENS AND EGGS

Relatively light receipts of both chicken and eggs are factors keeping prices of these products somewhat above their usual seasonal trends. In the egg situation storage stocks are also rather light. During the next 3 or 4 months the influence of the light supplies is likely to maintain and possibly widen the margin of chicken and egg prices over those of a year earlier. Improvement in demand conditions would increase this tendency.

Prices of special packed mid-western eggs at New York average 27.1 cents a dozen in September compared with 23.0 cents a year ago. The farm price of eggs on September 15 was 21.9 cents compared with 16.3 cents a year earlier. The usual seasonal course of egg prices is upward from April to December. The farm price of chickens was 12.7 cents a pound on September 15 compared with 9.5 cents a year before. The usual seasonal course of chicken prices at this time of the year is downward. The price rise of 1.3 cents from August to September reflects to some extent drought conditions and a reduction in the quantity of well finished chickens.

Receipts of eggs at four markets in September were 616,000 cases compared with 680,000 cases a year before and a 5-year average of 835,000 cases. Receipts of dressed poultry at four markets in September were 24,200,000 pounds compared with 24,600,000 pounds a year before and a 5-year average of 26,700,000 pounds. Laying flocks are about 10 percent below the 5-year average and this proportion will probably continue so during the winter months.

Cold storage stocks of case eggs on October 1 were 6,803,000 cases compared with 7,466,000 cases a year before and a 5-year average of 7,338,000 cases. Storage stocks of eggs are the principal source of supply during the fall and winter.

Cold storage stocks of frozen poultry on October 1 were 55,271,000 pounds compared with 50,177,000 pounds a year ago, and a 5-year average of 50,398,000 pounds. Storage stocks of frozen poultry are now just beginning a period of accumulation. With flocks reduced by about 5 percent below those of last year storage stocks are not likely to be as large this winter as last.

LAMBS

The lamb market was relatively stable during September and the prices of slaughter lambs at Chicago fluctuated within a rather narrow range, with the bulk of the good and choice lambs selling from 6.25 to 6.50 during most of the month. Prices for feeder lambs also showed little change during most of the month. The September 15 farm price of lambs was 4.86 compared with 5.02 in August, 5.08 in September 1933, and 5.63 the 1910-1914 September average.

Supplies of lambs were fairly large during September. Receipts of sheep and lambs at seven leading markets of 1,533,000 head (excluding government purchases of 213,000 head) being about 1 percent larger than in September 1933. Inspected slaughter of 1,734,000 head, including

government ewes slaughtered, was 8 percent larger than in September 1933 and 11 percent above the 5-year average. The quality of slaughter lambs in September was relatively poor, reflecting the poor feed conditions prevailing generally.

A continuing liberal supply of lambs is to be expected until the middle of November, when the run of western lambs will be largely over. Since lamb feeding generally is expected to be on a considerably reduced scale from a year ago this will be reflected in supplies before the end of the year. Slaughter lamb prices will probably begin to advance within the next 2 months and will reach a fairly high level by February or March.

WOOL

The movement of wool in the Boston market remained slow through September and the early part of October but some fairly large sales were reported from the Southwest, chiefly of Texas wool. Slight declines have been reported in prices of some types of domestic wool during the last month. Increased continental demand in the latter part of the London sales resulted in a considerable improvement in that market and at the close of the sales on October 3 prices of most grades of wool in British currency were equal to or above the prices at the opening sales September 18. The rise in the value of the dollar in terms of British currency caused London prices in terms of dollars to decline somewhat in September. The outlook in the domestic wool manufacturing industry was somewhat improved by the settlement of the strike of textile workers late in September but mill activity remains low and many mills were reported to be slow in reopening because of a lack of orders. Because of the relatively wide spread between domestic and foreign wool prices, any advance in domestic prices probably will await some improvement in the wool manufacturing industry in this country.

Quotations for strictly combing territory wools on the Boston market have been unchanged since the week ended August 25. Fine (64s, 70s, 80s) grades of this type averaged 76.0 cents a pound and 3/8 blood (56s) 66.0 cents a pound for the week ended October 6 compared with 83.0 and 77.5 cents respectively for those grades in the week ended October 7, 1933. Quotations on Ohio and similar fleece wools declined slightly after the opening of the London sales. The United States average farm price of wool on September 15 was 19.5 cents a pound compared with 20.4 cents on August 15 and 23.0 cents on September 15, 1933.

Receipts of domestic wool at Boston continue greatly below normal. Arrivals reported to the Boston Grain and Flour Exchange from January 1 to September 30 were only 156,000,000 pounds compared with 236,000,000 in the first 9 months of 1933 and 179,000,000 in the same months of 1932. Arrivals for this period averaged 211,000,000 pounds in the 5 years 1929-1933. Imports of wool continue to decline. Imports of combing and clothing wool from January to September 1934 were smaller than for the same period in any recent year with the exception of 1932.

The Bureau of the Census reports that after an adjustment for the variation in number of working days the consumption of combing and clothing wool on a clean equivalent basis by 493 identical mills in the 4 weeks ended

August 25 shows a reduction of 2.4 percent compared with the preceding 4-week period ended July 28. Total consumption by 509 mills reporting from July 29 to August 25 was 9,417,000 pounds in clean equivalent weight compared with a consumption of 8,846,000 pounds by 499 mills in the 4-week period July 1 - 28. Consumption in the first 8 months of this year was more than 30 percent smaller than in the same months of 1933 and was smaller than in the same months of any recent year with the exception of 1932. As a result of the strike of textile workers and the closing of some mills because of lack of orders, consumption figures for September, when available, will show a further decline. While retail sales of wool garments are reported to be good, the New York Wool Top Exchange Service reports that stocks held by garment manufacturers appear sufficient to meet present needs.

Shearing of new clip wool is progressing in most Southern Hemisphere countries and is reported to be in full swing in some parts of Australia. Supplies for the coming season from Australia, New Zealand and the Union of South Africa will exceed those of last season by about 4 percent despite the estimated heavy reduction in the South African clip. They are, however, about 10 percent smaller than the supplies available for the 1932-33 season.

COTTON

Domestic cotton prices have declined over 1 cent a pound from the recent high in August, which was the highest level reached in over 4 years. The decline was apparently due at least in part, to the more favorable weather conditions in the Cotton Belt, the continued low level of domestic cotton consumption and manufacturers' sales of cotton goods, reduced cotton consumption in many foreign countries, and greater evidence of the shifting from American to foreign cotton.

On August 9 prices of American Middling 7/8 inch cotton in the 10 designated domestic markets averaged 13.63 cents, the highest daily average in these markets since June 1930. This was 2.82 cents higher than the average for the 1933-34 season and 6.48 cents higher than the average for 1932-33. From August 9 to October 13, however, the trend of domestic prices has been downward, the price in the 10 markets averaging around 13 cents by the end of August, slightly above $12\frac{1}{2}$ cents at the end of September and about 12.35 cents for the week ended October 13.

Domestic cotton mill consumption during September amounted to only 296,000 bales, which was the third smallest consumption for any month since prior to September 1912 when monthly consumption data were first collected. Total consumption during August and September amounted to 717,000 bales which was 371,000 bales or 34 percent smaller than the comparatively high consumption during the first 2 months of last season and was the lowest for these 2 months combined since monthly consumption data have been available. This low level of mill consumption was due in part to labor difficulties, although consumption would probably have been fairly low anyway, owing to the position of manufacturers relative to sales and stocks of goods. Trade reports indicate that despite the low level of production, stocks of some lines of cotton goods are still rather large and unfilled orders low, with manufacturers' sales of some types of constructions even less than the restricted production.

Reports indicate that with the possible exception of Czechoslovakia and Austria, cotton mill activity in most of the countries of Continental Europe during August and September was lower than during the closing months of the 1933-34 season and also lower than a year earlier. This is particularly true in Germany where activity is probably fully 30 percent lower than during most of 1933-34. This plus the use of larger proportions of foreign cotton means that consumption of American cotton in Europe is now considerably lower than a year ago. Mill activity in Japan was running at the highest levels in history during August and probably remained about as high in September. However, the proportion of American cotton being used is smaller than during the last 2 or 3 years.

The somewhat more favorable weather conditions in the Cotton Belt during August and September resulted in a small increase in the estimate of the crop. The October estimate of 9,443,000 bales, while 191,000 bales larger than the September estimate and 248,000 bales larger than the August estimate, is 3,604,000 bales less than last year's crop and 5,223,000 bales below the average for the 5 years, 1928-1932. While present estimates of total production in foreign countries are very tentative, the indications are that there will be some increase over the record crop of 1933-34. This will result in a considerably larger supply of foreign cotton as the world carry-over at the beginning of this season was about 1,000,000 bales larger than on August 1, 1934.

Exports of domestic cotton during August and September totaled 747,000 running bales according to data from the Bureau of the Census, which represented a decline of 47 percent as compared with the record exports during these 2 months last season and were 28 percent less than the average for the 10 years ended 1932.

Business statistics relating to domestic demand

Year and month	Industrial production 1/	Factory pay-rolls 2/	Factory employ-ment 2/	Commodity prices: United States: Prices paid farmers 3/	Commodity prices: United States: Wholesale 4/: 1910-1914=100	Commodity prices: United States: Wholesale 4/: 1926 = 100	Commodity prices: Foreign 5/: In foreign currency	Commodity prices: Foreign 5/: In dollars	Inter-est rates 6/	Indus-trial stock prices 7/
	1923 - 1925 = 100						1926 = 100			
1929 -										
July	124	107	106	147	141	96	94	96	6.00	344
Oct.	118	112	108	149	139	95	94	96	6.19	321
1930 -										
Jan.	106	96	97	145	135	92	90	92	4.94	252
Apr.	104	98	96	136	131	90	86	88	3.88	288
July	93	84	90	120	123	84	83	84	3.16	232
Oct.	88	82	88	113	121	83	80	81	2.92	196
1931 -										
Jan.	83	70	80	101	114	78	76	77	2.85	168
Apr.	88	74	81	97	109	75	76	76	2.38	162
July	82	66	77	86	105	72	74	73	2.00	143
Oct.	73	61	74	77	103	70	72	66	3.50	102
1932 -										
Jan.	71	54	69	71	98	67	71	60	3.88	79
Apr.	64	50	66	67	96	66	69	60	3.73	63
July	58	40	59	63	94	64	67	56	2.54	46
Oct.	66	45	64	64	94	64	68	55	2.07	64
1933 -										
Jan.	65	40	60	30	89	61	68	54	1.44	62
Apr.	67	39	60	58	88	60	66	55	2.60	65
July	100	51	72	83	101	69	68	75	1.75	100
Aug.	91	57	76	79	102	70	68	73	1.75	98
Sept.	84	59	80	80	103	71	69	78	1.53	100
Oct.	77	59	80	78	104	71	69	78	1.50	93
Nov.	73	56	76	80	104	71	69	85	1.50	96
Dec.	75	54	74	78	103	71	68	84	1.50	99
1934 -										
Jan.	78	54	73	77	105	72	69	84	1.50	103
Feb.	81	61	78	83	107	74	69	86	1.50	107
Mar.	85	65	81	84	108	74	69	87	1.26	102
Apr.	86	67	82	82	107	73	69	86	1.25	104
May	86	67	82	82	108	74	68	85	1.18	95
June	83	65	81	86	109	75	68	85	1.00	97
July	75	60	79	87	109	75	69	85	1.00	94
Aug.	73	62	79	96	112	76	70	88	1.00	92
Sept.				102					1.00	90

1/ Federal Reserve Board index, adjusted for seasonal variation.
2/ Bureau of Labor Statistics indexes, without seasonal adjustment.
3/ United States Department of Agriculture, August 1909-July 1914 = 100. Revised.
4/ Bureau of Labor Statistics index.
5/ Weighted average of index for eight foreign countries - United Kingdom, Canada, Japan, France, Italy, Germany, China, and the Netherlands.
6/ The Annalist. Average of daily rates on commercial paper in New York City.
7/ Dow-Jones index is based on daily average closing prices of 30 stocks.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

For release November 15, 1934

THE PRICE SITUATION, NOVEMBER 1934

FARM PRICES

The general level of prices received by farmers appears to be about the same as in mid-October. Prices of cattle, cotton and potatoes have declined during the last month, whereas prices of grains are about the same, hogs a little higher, and prices of dairy products and eggs have increased seasonally. The general level of farm prices was at the pre-war level in October compared with the recent high of 103 percent (revised) in September and 78 in October 1933. After adjustment of prices for normal seasonal variation, fruits and cotton and cottonseed were the only groups to show a rise from September to October; the increase in prices of eggs and dairy products being less than the usual seasonal rise.

Prices paid by farmers for commodities in October were estimated at 126 percent of the 1910-1914 average, the same as in September, compared with 116 in October 1933. The ratio of prices received to prices paid by farmers was 79 in mid-October compared with the recent high of 82 in September and 67 a year earlier.

Cash income from the sale of farm products in September 1934, excluding the sale of cattle to the Government was estimated at $586,000,000 compared with $508,000,000 in August and $479,000,000 in September 1933. The increase in income from August to September this year, however, was less than usual. Rental and benefit payments in September amounted to $51,000,000 compared with $47,000,000 in August and $75,000,000 in September 1933. Income from the emergency sale of cattle in the drought area amounted to $25,000,000. Total cash income to farmers including rental and benefit payments and income from the emergency sale of cattle in September was $662,000,000 compared with $554,000,000 in September last year. For the first 9 months of 1934 farmers' cash income totaled $3,984,000,000 from the sale of farm products and $329,000,000 from rental and benefit payments and emergency sale of cattle, making a total income of $4,313,000,000 compared with a total of $3,479,000,000 for the corresponding 9 months of 1933.

WHOLESALE PRICES

Wholesale prices in the United States have declined about 2 percent from the recent high point in early September to 111 percent of the 1910-1914 average. This decline has extended to all groups of commodities except chemicals and drugs, which increased slightly. The greatest decline occurred in prices of farm products. During the past year, however, prices of farm products have risen considerably, whereas prices of nonagricultural products as a whole, have been steady. Since the first of the year there has been a tendency toward a reduction in the price disparity between the various groups of commodities, in relation to their pre-war average, with a decline in the higher priced groups and an advance in several of the lower priced groups.

From April 1933 to the end of January 1934, when the dollar was revalued at about 59 percent of its former gold value, there was a substantial difference in the rate of increase in the prices of those export and import commodities which are influenced by international market conditions as contrasted with the increase in the prices of commodities which are influenced primarily by domestic conditions. During this period, the prices of 20 import and export commodities - largely raw materials - fluctuated closely with the foreign-exchange value of the dollar, and at the time the dollar was revalued were approximately 70 percent above the level of March and early April 1933. The general level of wholesale prices, which, although it includes these international commodities, is heavily weighted with domestic commodities including a large proportion of finished goods, advanced only about 25 percent during the same period.

There still continues to be a wide difference between the extent to which prices of international and domestic commodities in the United States are above the levels prevailing prior to currency depreciation. This situation is of particular interest to agricultural producers because the relatively higher prices for international commodities such as cotton and wheat, may afford an additional stimulus to their production in depreciated currency countries. Although the rise in prices of many of these commodities only restores the relationship that existed between such commodities and the wholesale price level prior to the beginning of this depression, the difference that exists between these prices will be an important factor in stimulating production and/or in reducing consumption of some of the export and import commodities.

Wholesale prices in Germany and Canada have recovered considerably since early 1933 and to a lesser extent in England. Prices in Japan recovered sharply in 1932 and have since declined a little. In France and Italy, whose currencies have not depreciated in terms of gold since 1929, wholesale prices have continued their long downward trend into 1934 though at a slower rate than in the early years of the depression. Prices in Italy, however, have risen slightly since July. Prices in China (Shanghai) from late 1931 to early 1934 lost more than the advance of the previous 2 years, but they have risen considerably in recent months.

BUSINESS CONDITIONS

After declining from June to September, industrial production turned upward in October largely as a result of the sharp recovery in textile production. The increase in textile production was partially offset by the sharp decline in meat packing and slightly more than the seasonal declines in automobile production. The increase in industrial activity has been accompanied by some improvement in the level of employment and pay rolls which declined more than seasonally in September. Retail sales have held up well and have made about the usual seasonal increase since August. Business activity in foreign countries has been steady or declining slightly. Conditions in several countries where improvement has been most pronounced in the past 2 years indicate that activity may have reached a peak in those countries but no serious decline in activity is in sight.

The low level of textile activity from June to September because of restrictions on production and labor difficulties was followed by a marked increase in production in October to the highest level since May. Activity

in the iron and steel industries increased from September to October but continues at unusually low levels. Automobile production has continued to decline and present indications are that the introduction of new models will not begin until December. There has been a considerable decline in meat packing operations due to the decline in distress sales of cattle in the drought areas. Building contracts awarded during the first 3 weeks of October averaged 20 percent higher than in September, with the principal increases in construction occurring in residential and public works projects. These trends in the various lines of industrial activity suggest a continuation, through the remainder of this year, of the moderate improvement begun in October. However, no marked improvement in industrial production is in prospect until automobile production for 1935 gets under way, and the spring pick-up in building activity begins.

Retail sales in October made about the usual seasonal increase over September. The Federal Reserve Board's seasonally adjusted index of department store sales declined from 79 in August to 75 percent of the 1923-1925 average in September but remained unchanged in October. Retail sales of automobiles have shown some decline but sales of commercial vehicles have been well maintained. Sales of variety stores and of retail stores in rural areas continue to run somewhat higher than a year ago. The increase in home improvement is resulting in increased sales of paints and other materials used in improvements and repairs of residences.

Business activity in foreign countries has been characterized by a check to recovery in some countries where improvement has been most marked in the past 2 years and some indications of a check to the decline in those countries where industrial activity has been on the down trend. In the United Kingdom improvement in the industries producing consumers goods has partially offset the decline in production in the heavy goods industries with the general level of activity during September lower than in August. Although the building boom in Great Britain appears to have reached its peak, no serious decline in building activity is in prospect. In Germany where industrial production has been stimulated by government aid, there is evidence of some decline in industrial activity with the decline in the output of consumption goods more than offsetting increases in the output of production goods. Business activity in Japan, which has been at an unusually high level during the past year, has been well maintained but the scope for further improvement is somewhat limited. The decline in industrial production in France and other gold-bloc countries appears to have been checked in August but there is no evidence of immediate improvement in prospect. Trade in China continues at low levels with a further decline in exports from August to September and some increase in imports, thus increasing China's unfavorable trade balance.

WHEAT

There has been little change in either world or domestic wheat supply prospects during the past month and the decline in world wheat prices which began early in August was checked at the end of October. Some improvement in prices occurred during the first half of November. The checking of the decline and the subsequent upturn of prices was apparently due in part, to the pegging of prices on the Winnipeg Exchange, but a reduction in the level of Argentine shipments was also of importance. The extent to which the strengthening of prices can be maintained will depend to a considerable extent on the volume of world shipments and especially Argentine shipments during the next few weeks.

The United States average farm price of wheat declined from 92.2 cents per bushel in mid-September to 88.5 cents in mid-October and 63.6 cents for October 1933. Market price movements of the past month indicate that the November 15 average farm price will be slightly lower than that of October 15. The weighted average price of all classes and grades at six markets was 113.8 cents per bushel for October, compared with 119.2 in the previous month. At Kansas City No. 2 Hard Winter declined from a September average of 107.5 cents to an October average of 102.2 cents per bushel, and for the week ended November 10 stood at 100.6 cents.

The decline in world prices which began in early August was apparently checked late in October. December futures at Liverpool which had reached a high closing of 100-7/8 cents per bushel on August 10, declined to a low close of 72-7/8 cents per bushel on October 31. There followed some improvement in prices, but on November 13, December futures at Liverpool closed at 73 cents per bushel. The decline in prices of futures at Chicago was considerably less. In that market a high closing of $1.13-3/8 per bushel for December futures was reached in early August at which time Chicago prices were only about 12 cents per bushel above Liverpool. The low closing price of December futures thus far reached since mid-July at Chicago was 94-7/8 cents per bushel on October 29. Recently Chicago futures have been in the vicinity of 20 to 25 cents per bushel higher than Liverpool. On November 13 December futures at that market closed at 99-1/4 cents per bushel.

From the standpoint of world production there has been no significant change in estimates during the past month. Estimates of the 1934 wheat production in 41 Northern Hemisphere countries, which include practically all of the Northern Hemisphere wheat crop, outside of Russia and China, total 2,882,000,000 bushels compared with 3,151,000,000 bushels in the same countries in 1933. North America reported a decrease of 3 percent and Europe a decrease of 15 percent, whereas North Africa reported an increase of 13 percent and Asia an increase of 2 percent compared with last year. No official estimates are available on the outturn of the Russian wheat crop, but present indications point to a somewhat smaller crop than last year because of the damage which resulted from the drought in the important areas of Ukraine and North Caucasus.

In the Southern Hemisphere the Australian crop has been estimated at 137,000,000 bushels compared with 174,000,000 bushels last year. In the Union of South Africa the crop is forecast at 13,600,000 bushels which indicates the second largest wheat crop on record. No official estimate of the Argentine crop is available, but a report dated November 2, stated that conditions in Northern Argentina were promising with growth remarkably uniform though somewhat late.

Shipments of wheat from Argentina have been at unusually high levels thus far during the current market year. From July through September they averaged approximately 4,000,000 bushels weekly. Last year, on the other hand, Argentine shipments averaged in the vicinity of 3,500,000 bushels weekly during July and August, but then declined steadily through September, and during October, November and early December averaged only about 1,500,000 bushels weekly. In 1932 they averaged less than 1,000,000 bushels weekly for the entire period July to mid-December. The continued high level of Argentine shipments is probably largely responsible for the decline in world prices which took place from early August through October. This high

level of Argentine shipments, combined with offerings of French wheat on world markets, constituted a pressure of supplies too great to be absorbed at mid-summer price levels. Argentine shipments c ntinued at an average level of about 4,000,000 bushels weekly until mid-October. They were, however, sharply lower during the latter half of October and early November but again rose to 4,188,000 bushels for the week ended November 10.

The improvement of world prices, which took place during early November, was apparently due in part to the decline in Argentine shipments. The action of the Canadian Government in pegging prices at Winnipeg, however, was probably a major factor in terminating the decline as were also reports of crop damage in both Argentina and Australia. North American shipments during the current season, have averaged close to 4 000,000 bushels weekly until the week ended November 3, when they amounted to only 3,400,000 bushels, and for the week ended November 10 when they were 4,309,000 bushels. Virtually all of the North American shipments are from Canada. Thus, immediately following the pegging of prices at Winnipeg Canadian exports decreased, while Argentine exports increased, but as prices improved, there was an increase in Canadian as well as Argentine shipments.

World shipments have averaged somewhat above 10,000,000 bushels weekly during the current season. They rose during July and August, reaching a high point of 12,500,000 bushels for the week ended August 25, then declined somewhat as prices receded. They rose again, however, during September, but declined sharply in mid-October, and for the last 2 weeks of that month averaged only about 9,100,000 bushels. For the week ended November 3, they amounted to 10,300,000 bushels, and for the week ended November 10 to 12,429,000 bushels.

Estimates of the amount of old crop wheat still remaining in that country indicate that Argentina could continue to ship between 3,000,000 and 4,000,000 bushels weekly from now until the end of December out of her old crop supplies without reducing stocks to an abnormally low level. This suggests that shipments during the next 6 weeks may continue to be nearly as high as in the past 4 months and nearly as high as peak season shipments of the past 2 years. In neither of these years have Argentine shipments averaged at above 4,000,000 bushels weekly for any considerable period during even the season of heaviest movement, and it has been on only rare occasions during these years that shipments in any single week have exceeded 5,000,000 bushels. In other years, however, peak season shipments have sometimes been higher. Thus, in the spring of 1929 they reached a level of about 8,000,000 bushels weekly, but they have never remained far above 5,000,000 bushels over any considerable period. Argentine exports and world prices during the first few months of 1935 will depend quite largely upon the outturn of the 1934-35 Argentine crop.

CORN

Corn prices in October and early November were practically unchanged from the September level. Because of the materially greater relative reduction in the 1934-35 feed supplies (including corn) compared with livestock, the usual seasonalprice decline in November and December is not expected. Greater strength in prices is to be expected in the drought areas than in the states outside of those areas.

United States farm prices of corn, October 15, averaged 76.7 cents compared with 77.4 cents on September 15, and 38.8 cents for October 15, 1933. From September 15 to October 15 farm prices of corn advanced in the Mountain States and Texas, but were unchanged to slightly lower in most other states. Based on October 15 farm prices, pound for pound, wheat was cheaper than corn in the Intermountain and Pacific Coast States, and about the same in Kansas, Oklahoma and in parts of Texas. Feeding of wheat is now indicated to be heavier than was expected earlier. Similarly, buckwheat is as cheap or cheaper than feed grains in a number of the principal buckwheat producing states. The price of potatoes in some sections has fallen almost to what potatoes are worth for feeding livestock. Mild fall weather improved pasturage and permitted considerable grazing east of the Mississippi River, but in the Rocky Mountain States and in the Great Plains portion of the adjoining states to the eastward, ranges and pastures continued poor and the feed shortage remained serious.

Prices of corn were steady during September and October. An upward trend was in evidence early in November. The weighted average price at five large markets for the week ended November 10 was 82.3 cents compared with 79.0 cents in the first week of October and 80.8 cents per bushel the first week of September. Prices in markets close to or in the drought area were stronger than prices in markets outside of the drought area. Oats and barley prices receded from the seasonal high point reached in September with No. 2 barley at Minneapolis declining from the weekly average of 112.8 cents (week ended September 15) to 101.1 cents (week ended November 10) and No. 3 White oats from 56.4 cents (week ended September 16) to 54.1 cents (week ended November 10).

The 1934 corn crop was estimated as of November 1 at 1,372,000,000 bushels or about 45,000,000 bushels less than the forecast of a month ago. Harvest returns were below earlier expectations as farmers found a relatively larger proportion of light, chaffy, defective or damaged ears. Corn husked for grain was tentatively placed at 1,006,000,000 bushels compared with 2,029,000,000 bushels in 1933. The short 1930 crop yielded 1,733,000,000 bushels of corn grain, and the 1924 harvest, 1,900,000,000 bushels. The percentage of the 1934 corn crop which is of merchantable quality is low. In view of the poor quality of the crop, smaller carry-over of old crop corn, and heavier-than-normal early feeding of the new crop, the corn supply from November 1 on through the season is relatively shorter than the crop figures indicate. This is particularly true in the drought area. Oats and barley crop estimates remained unchanged at 546,000,000 and 122,000,000 bushels respectively, but continued drought in Texas materially reduced prospects of grain sorghums. Production of grain sorghums (for all purposes) was estimated at 39,200,000 bushels and represents a very substantial reduction from the October 1 forecast.

Receipts of corn at 13 primary markets during October totaled 16,220,000 bushels compared with 18,463,000 bushels in September and 23,386,000 bushels a year ago. Receipts at the same markets in 1933-34 amounted to 210,550,000 bushels as against 238,582,000 bushels in 1932-33. Shipments of corn increased from 10,201,000 bushels in September to 12,547,000 bushels in October. Total shipments for the 1933-34 season amounted to 136,449,000 bushels or practically the same as for 1932-33. Commercial stocks of corn in store at the principal markets decreased during October from 63,762,000 bushels (September 29) to 57,013,000 bushels (November 10). Receipts of oats at 13 markets in October of 4,478,000 bushels were

slightly larger than those during September. Shipments from these markets of 4,876,000 bushels exceeded receipts and commercial stocks were reduced from 26,410,000 bushels (September 29) to 24,721,000 bushels (November 3).

Wet-process corn grindings for domestic consumption during October totaled 5,302,000 bushels. October completed the 1933-34 crop year in which 70,000,000 bushels of United States corn were processed for starch, syrup and sugar for both domestic and export trade compared with 72,000,000 bushels in 1932-33 and 73,000,000 bushels, the 5-year (1928-29 to 1932-33) average.

United States imports of corn during September totaled 445,000 bushels. From July through September 664,000 bushels of corn were imported compared with 26,000 bushels in the same period a year ago.

POTATOES

The potato crop showed continued improvement in October and prices declined slightly, particularly in the middlewestern markets. The November 1 forecast now indicates that there will be large supplies of late potatoes placed in storage for the late winter and spring markets which will tend to hold prices down through most of the present marketing season. Except for a slight seasonal rise in Idaho where the crop is relatively short this season, it is likely that potato prices will remain at near the present low levels during the next several months unless there is a material increase in demand.

The total United States potato crop is now estimated at 383,105,000 bushels compared with 320,353,000 bushels produced last year and 365,556,000 bushels the 1927-1931 average crop. In the eastern late states there are about 132,000,000 bushels this season against 96,000,000 last year, while in the Central States there are 123,000,000 bushels this year against 92,000,000 last year. In contrast to the large crops in the Eastern and Central States the Western States have only 56,000,000 bushels this year compared with 73,000,000 bushels in 1933. The 30 late states, as a whole, have 311,000,000 bushels of potatoes this season compared with 262,000,000 in 1933 and 291,000,000 the 1927-1931 average.

Reports of growers intentions received early in October indicate that the 1935 acreage of early potatoes in Florida and Lower Valley of Texas may be increased 9 percent over that planted in 1934, while that in the second section of early states may be decreased by 2 percent, in the second early states by 5 percent and in the intermediate states by 6 percent. If these changes in planted acreages take place and average yields are obtained, it is likely that there will be fewer early potatoes next spring than were marketed in early 1934. Reductions in this early and intermediate production will probably be more than offset by large supplies of old potatoes remaining in storage after the first of the year.

Potato prices at central markets followed an uneven trend during October. They declined during the first 3 weeks in the East, but recovered slightly during the first week in November. In the western cities potato prices continued the steady downward trend which began about the last week of August. At New York l.c.l. prices to jobbers averaged 98 cents per 100 pound sack during the first week of November compared with 92 cents a month earlier and $1.72 a year ago. At Chicago round whites averaged 82 cents

per 100 pound sack (car-lot basis) during the first week of November compared with 96 cents during the first week of October and $1.13 the first week of November a year ago.

Shipping point prices followed much the same trend as market prices. Green Mountains at Presque Isle, Maine, averaged about 41 cents per 100 pound sack f.o.b. during the first week in November against 47 cents a month earlier. Round whites averaged 54 cents per 100 pound sack f.o.b. Rochester, against 65 cents a month ago while at Waupaca, Wisconsin, they averaged 59 cents against 69 cents during the first week of October. At Idaho Falls, Idaho, Russet Burbanks averaged 76 cents per 100 pound sack f.o.b.cash track during the first week of November compared with 68 cents a month earlier.

The United States farm prices of potatoes averaged 49 cents per bushel on October 15 compared with 62.8 cents on September 15, 74.9 cents on October 15, 1933, and 64.6 cents the October 1910-1914 average.

TOBACCO

Daily average prices of Virginia Fire-cured tobacco (type 21) at auction warehouse markets during the week ended November 10, the opening week of the season, ranged between 15 and 20 cents per pound, according to unofficial reports. The volume of sales was light and much of the buying was done by exporters in preparing samples for submitting to foreign buyers. During the first part of the second week the prices of most grades declined somewhat but still remained substantially above the levels of a year ago, according to the Market News Service reports of the Bureau of Agricultural Economics. The average price for the 1933 crop (damaged by storm) was 6.8 cents per pound, and for the 1932 crop the average price was 8.0 cents per pound.

Prices of Flue-cured tobacco (types 11-14) have continued at approximately the levels established earlier in the season, although, as is usual near the end of the selling period, prices during the last 2 weeks have been below the peak of the season. The average prices shown by state reports of all Flue-cured types marketed during October was 33.4 cents per pound, compared with 26.2 cents for September 1934, 14.6 cents for October 1933, and 12.4 cents for October 1932. Approximately 90 percent of the entire 1934 crop of flue-cured tobacco has been marketed, whereas only a bout two-thirds of the total crop usually has been marketed by this date.

Auction Warehouse Markets for the 1934 crop of other types of tobacco grown in the United States, have not been opened. Most of these markets will open during the latter part of November and the first part of December.

Production of tobacco of all types in the United States is estimated on the basis of November 1 data at 1,115,811,000 pounds, compared with 1,385,107,000 pounds harvested in 1933. Estimates of several types have been raised somewhat from previous reports this season, on the basis of more complete data now available on yield per acre. Flue-cured production now is estimated at 562,322,000 pounds compared with 737,703,000 pounds harvested last year. The three Kentucky and Tennessee fire-cured types are slightly up from last month but the estimate of Virginia fire-cured is unchanged, making the total indicated production of fire-cured tobacco 125,551,000 pounds in 1934 compared with 133,353,000 pounds harvested in 1933. Burley now is estimated at 301,336,000 pounds, compared with 382,033,000 pounds in 1933. Present indications are that both fire-cured and Burley will have quality better than usual.

The domestic output of all important classes of tobacco products during September, shown by reports of the Bureau of Internal Revenue, was below that of August 1934, and was below the output of September 1933, for all classes except cigarettes, which were 8 percent above a year earlier. For the first 9 months of 1934, cigarettes increased 9 percent, cigars, 3 percent, and snuff, 3 percent, compared with the corresponding period a year earlier. Manufactured tobacco (smoking and chewing combined) showed a decline of 0.5 percent during this period.

Exports of leaf tobacco from the United States during September totaled 50,630,000 pounds compared with 40,881,000 pounds a year earlier and an average of 46,500,000 pounds for September during the last 5 years. This increase was due to the larger exportations of flue-cured tobacco which totaled 41,498,000 pounds compared with 27,753,000 in 1933 and a 5-year average of 35,400,000 pounds. Exports of the other important types in September, including fire-cured, Maryland and Burley, were below September 1933 and also below the 5-year average for September.

HOGS

After a seasonal decline through September and October hog prices made some recovery in early November, indicating that the seasonal low point has been passed. With the winter slaughter supply of hogs indicated to be the smallest in 20 years, the seasonal upswing is expected to be much greater than average. Prices during the second week of November were about $2.00 per 100 pounds lower than the August peak but were $1.25 higher than in the corresponding week last year. Slaughter supplies in recent weeks have included an unusually large proportion of unfinished lightweight hogs which were marketed earlier than usual because of the feed shortage. Such hogs are expected to comprise a large proportion of the market supply during the next 2 months.

The weekly average price of hogs at Chicago declined from $7.46 in late August to $5.38 the first week in November and then rose to $5.63 during the week ended November 10. The stronger demand for well-finished hogs which has developed recently indicates that the recent downward movement in prices probably has ended. In most years the winter low point in hog prices occurs in December, and the seasonal advance is most pronounced in February and March. The Chicago average for October was $5.60 compared with $6.82 in September, and $4.43 in October last year. The price premium for heavy, well-finished hogs in recent weeks has been unusually large, hogs weighing over 250 pounds averaging $1.20 per 100 pounds higher than those weighing under 160 pounds. In the same period last year the spread was only 30 cents.

Federally inspected slaughter in October, totaling 3,546,000 head, was 488,000 head, or 16 percent larger than the unusually small October slaughter of last year but was about 4 percent smaller than the 5-year (1928-1932) average for the month. Slaughter supplies during the remainder of the winter are expected to be much smaller than those of last winter. Average weights in October were considerably below those of a year earlier and below normal. The weighted average for the seven leading markets was 218 pounds compared with 240 pounds in October 1933. The greatest decreases in weights were at

Omaha and Sioux City where the reductions in the averages amounted to 49 and 39 pounds, respectively. The smallest decreases were at markets east of the Mississippi River.

Corn prices declined relatively less than hog prices during October, consequently the hog-corn price ratio became more unfavorable to hog feeders. The ratio based on Chicago prices dropped from 8.5 in September to 7.2 in October compared with 11.0 a year earlier.

The sharp rise in pork prices in August met considerable consumer resistance and prices of all hog products, except lard, have since declined rather sharply. The greatest reductions were in prices of fresh pork. In early November wholesale prices of loins at New York were 8 to 10 cents per pound lower than the peak levels reached in late August and those of hams and bacon were 3 to 4 cents lower. Lard prices on the other hand have held most of their sharp summer advance. The prospective reduction in lard production because of decreased supplies and lightweights of hogs and a somewhat similar decrease in the prospective output of competing products accounts for the strength in lard prices.

The seasonal reductions in storage stocks of pork and lard during October were much smaller than those of a year earlier and the 5-year average for the month. Pork stocks on November 1, totaling 500,000,000 pounds were the largest for that date since 1923 and were 16 percent larger than the 5-year November 1 average, but were only 1.3 percent larger than those of a year earlier. Lard stocks totaled 107,000,000 pounds, or 16 percent less than on October 1, and 20 percent less than the very large stocks of a year earlier, but were 56 percent larger than the 5-year average for that date.

Exports of hog products in September were considerably smaller than in September 1933. Pork exports were the smallest for any month in more than a year, and lard exports were the smallest for September in the post-war period. Shipments of both pork and lard from the principal ports in October were much smaller than in October last year.

In view of the great reduction in the 1934 spring pig crop, market supplies of hogs this winter will be the smallest in many years. Because of the unfavorable relationship between hog prices and corn prices, it is expected that the proportion of the spring pig crop marketed by early January will be much above average, consequently the greatest reduction in hog slaughter as compared with a year earlier is expected to occur in the late winter. The marked decrease in hog slaughter after January will probably cause a very material advance in hog prices during the late winter months to be much greater than usual.

CATTLE

The weakness in the cattle market which became evident the latter part of September continued through October and prices of most kinds of slaughter cattle declined fairly steadily during the month. By the first of November all of the advance that took place during the latter part of August and September was eliminated. The decline was most marked on the better grades of cattle and least with the low grades. The average weekly price of choice steers at Chicago reached the highest point of the year the last of September when it was $9.69 per hundred; the first week in November it was $8.19, a decrease of $1.50. During the same period common beef steers declined from

$3.99 to $3.67 or $0.32. The average of all beef steers declined from $7.98 to $7.04. Prices of stocker and feeder cattle also declined during the period, with the decline at Chicago somewhat greater than at Kansas City. Veal calf prices also declined rather sharply during October and at the end of the month were back to the level of the middle of August. The average monthly price of beef steers at Chicago for October was $7.48 compared with $8.06 in September and $5.53 for October 1933. The farm price of beef cattle October 15 was $3.96 compared with $4.21 a month earlier, $3.50 a year earlier and $5.32 the pre-war October average.

Commercial supplies of cattle when compared with a year earlier were much smaller in October than in any other month this year, this being the only month when receipts of cattle at seven leading markets were smaller than in the corresponding month in 1933. Receipts this year were 3 percent smaller than in October 1933 but 2 percent above the 5-year average. Inspected slaughter of commercial cattle was also relatively small but of all cattle it was large, being 1,408,000 head, which was 63 percent larger than in 1933 and the largest for the month on record. Inspected slaughter of calves of 658,000 head, including government calves, was also much the largest for October on record but the number for commercial use was probably not much larger than in October last year. Although the total receipts of commercial cattle at Chicago in October were about 8 percent larger than a year earlier, the number of native beef steers was about 20 percent less, the decrease being in good and choice grades, this being the first month this year when the number of choice steers was materially below the corresponding month in 1933.

Shipments of stocker and feeder cattle into the Corn Belt States which had been relatively heavy during the 3 months July to September, dropped sharply in October. The October shipments were the smallest for the month in the 16 years of record and were also the smallest proportion of the 4 months, July to October, total in 16 years. This large reduction in October brought the total for the 4 months to about 940,000 head which was somewhat larger than in the corresponding period last year, but the second smallest for the period in 16 years.

Commercial slaughter supplies of cattle and calves are expected to continue fairly liberal during the next few months and the cattle supply to include a rather large proportion of short feds and a sharply decreasing proportion of well-finished cattle. After January of next year, however, supplies of all kinds of cattle are expected to be greatly reduced. Although the price trend of better grade steers is usually downward from January to June, it is not unlikely that this year it will be upward. Prices of choice grade steers will probably be fairly well maintained for the balance of this year, but there may be some further decline on medium and good steers.

BUTTER

Butter prices advanced seasonally in October and it seems probable that the rise in prices will continue during the remainder of the year. Butter production in September was unusually heavy, but in more recent weeks production in some of the important producing sections has been less than a year earlier. In the winter feeding period, production will probably be relatively light because of the short supplies of feed, and low prices of butterfat in relation to feed. Storage stocks of butter are decidedly less than in 1933, but are about average for this season of the year. Since mid-

October there has been a marked rise in butter prices in England so that the margin between domestic and foreign prices in early November was considerably less than the tariff.

The price of 92 score butter at New York rose from 26 cents in early October to 29 cents in early November. The average price in October was 26.9 cents compared with 25.8 cents in September and 24.0 cents a year earlier. The increase in price from September to October was about the same as the usual seasonal advance.

The farm price of butterfat in mid-October of 24.3 cents was about the same as in September but 4.2 cents higher than in October 1933. Based on farm prices in October the price of butterfat was equivalent to 16.5 pounds of feed grain, about the same as a month earlier, but the lowest for the month since 1917. For the past year butterfat prices have averaged the lowest in relation to feed grains since 1920. This price relationship together with the shortage of feed will tend to curtail production during the winter months. The price of butterfat however, is relatively high as compared with livestock prices.

Estimated production of creamery butter in September reached a new high for the month, being 1.3 percent larger than a year earlier. In the East North Central States September production was 18.6 percent larger than in the same month of 1933. In the West North Central States there was a decrease of 2.7 percent, in the South Central States 11 percent and in the Western States about 17 percent. In the tier of states from South Dakota to Texas there were sharp declines in production.

Weekly reports for early November showed sharp decreases in production compared with a year earlier.

Milk production per cow on November 1 was slightly higher than the low production a year earlier, but with the decrease in number of cows, total milk production on November 1 was probably 2 to 3 percent less than a year earlier.

Trade output of butter in September of 137,500,000 pounds was 2.3 percent less than in September 1933, whereas, retail prices of butter were 16 percent higher. These changes indicate that consumer expenditures for butter in September were about 14 percent higher than a year earlier and the largest for the month since 1931.

Storage stocks of butter on November 1 of 111,000,000 pounds were about 49,000,000 pounds less than the very large stocks on that date a year ago, but were about the same as the 5-year average.

The relatively sharp rise in prices that would be normally expected on account of the reduced production in prospect for the coming winter, will tend to be limited because of the relatively low prices of butter in English markets.

During October the price of New Zealand butter in London averaged 15.3 cents (converted at current rates of exchange). The London price plus our tariff of 14.0 cents made a total of 29.3 cents. By November 8 however, the price of New Zealand butter in London has increased to 17.2 cents. The New York price (92 score) on the same date was 29.0 cents, leaving a margin of

11.8 cents. The increase in English prices has been an important factor affecting prices in the United States.

CHEESE

Cheese prices did not make their usual seasonal advance from September to October. Exceptionally heavy production and large stocks have tended to depress prices. Retail prices of cheese are higher than a year earlier and trade output of cheese has been decidedly larger than in 1933. With light production of milk on farms in prospect for the coming winter, cheese prices will probably show a further increase.

Estimated cheese production in September made a new high for the month, being 8.6 percent larger than a year earlier. The decline in production from August to September was only slightly less than the usual seasonal decline. American cheese production in September exceeded the same month of 1933 by 7.2 percent. Relatively heavy production in New York and Wisconsin and in the East North Central States more than offset the declines in other sections of the country.

The price of cheese (twins) on the Wisconsin Cheese Exchange rose from 11.2 cents to 12.0 cents per pound during the latter half of October. The price in October averaged 11.4 cents about the same as in September but 0.9 cents higher than a year earlier. The usual seasonal advance in cheese prices from September to October averages about 6 percent.

Trade output of cheese in September of 50,200,000 pounds was 12.4 percent larger than in September 1933. This increase in trade output, together with the increase in retial prices indicated that consumer expenditures for cheese in September were 16 percent higher than a year earlier and the highest for the month since 1931. For the first 9 months of 1934, estimated consumer expenditures for cheese exceeded the same period of 1933 by about 10 percent.

Storage holdings of American cheese on November 1 of 102,900,000 pounds were the highest on record for that date, and compare with the 5-year average of 80,000,000 pounds.

CHICKENS AND EGGS

Prices of both chickens and eggs are following their usual seasonal movement, downward in the case of chickens, upward in the case of eggs. Light supplies, both in storage and from current receipts, will tend to keep prices above those of a year ago, especially, if there should be an improvement in demand conditions.

Prices of special packed mid-western eggs at New York averaged 29.7 cents a dozen in October compared with 27.1 cents in September and 28.3 cents a year earlier. The farm price of eggs on October 15 was 23.7 cents compared with 20.6 cents a year before. The usual seasonal course of egg prices is upward from April to December. The farm price of chickens on October 15 was 11.6 cents a pound compared with 9.3 a year before. The usual seasonal course of farm prices of chickens is downward from May to December.

Receipts of eggs at the four markets in October were 566,000 cases compared with 593,000 cases a year before and a 5-year average of 659,000

cases. Since 1920 there is no record of lower receipts for October. Receipts of eggs are likely to continue relatively low all winter. Receipts of dressed poultry at the four markets in October were 30,700,000 pounds compared with 31,000,000 pounds a year before and a 5-year average of 32,700,000 pounds. It is not likely that receipts during the next 3 or 4 months of the into-storage season will exceed those of a year earlier.

Cold storage stocks of case eggs on November 1 were 4,629,000 cases compared with 5,175,000 cases a year before and a 5-year average of 5,172,000 cases. Cold storage stocks of frozen poultry on November 1 were 73,507,000 pounds compared with 59,500,000 pounds a year ago and a 5-year average of 65,300,000 pounds. The peak of storage holdings of poultry usually comes in January and the size of such holdings, to a large extent, determines supplies and prices in the following 6 months.

LAMBS

Prices of slaughter lambs during October were remarkably stable, with little day to day or week to week fluctuations. The top on slaughter lambs at Chicago on most days of the month was $6.75 and the bulk of the good to choice lambs sold in a range from $6.25 to $6.65. Prices of feeder lambs also changed little during the month but tended to strengthen somewhat. The farm price of lambs October 15 was $4.81 compared with $4.86 in September $5.01 in October 1933 and the pre-war October average of $5.50.

Inspected slaughter of sheep and lambs, including slaughter of government ewes, in October was the largest on record, but the slaughter for commercial distribution was probably smaller than in October last year. Receipts at seven leading markets were 6 percent smaller than in October last year and 17 percent below the 5-year October average.

The movement of feeder lambs through stockyards markets into the Corn Belt States in October continued to be materially larger than last year, probably 20 percent larger. The total shipments for the 4 months, July to October, were over 30 percent larger than for the same months in 1933 and 1932, but the smallest for 12 years. Most of the increase was into the Eastern Corn Belt and Iowa and Minnesota. Considering the feed situation, however, there was a relatively large movement in October into the states west of the Missouri River, both from markets and direct and the number of lambs fed in those states will be larger than seemed probable earlier in the season. Feeding in the Western States, however, will be considerably below last year.

Because of the relatively high prices of grain and hay it is probable that the Corn Belt lambs will be marketed after a shorter feeding period than usual and rather heavy marketings will take place in December and early January. Until the bulk of these Corn Belt lambs are out of the way there is likely to be no material change in the present level of lamb prices, but in the late winter and early spring, prices of fed lambs may make a substantial advance.

WOOL

Trading in wool on the domestic market showed a decided improvement in October after several months of inactivity, and some improvement was also reported in foreign selling centers. Prices reported on most sales

were at the level fixed by the wool advisory committee in August; such quotations on the Boston market have been largely nominal until recently. Wool manufacturing activity increased somewhat in October as conditions in textile industry generally were improved by the settlement of the textile strike in late September. Stocks of wool continue relatively large, and the proportion of the domestic clip received at consuming centers to the end of October was below average. Although some further increase in the consumption of wool by domestic mills is expected in the next few months, no material advance in wool prices appears probable during the remainder of the 1934-35 season (up to April 1, 1935) because of the relatively large supplies of wool available in this country.

Quotations on the Boston market for fine strictly combing territory wools have shown little change since late August. Fine grades (64s, 70s, 80s) of territory wool averaged 76 cents per pound and 3/8 blood (56s) averaged 66.5 cents for the week ended November 10 compared with 83 cents and 77.5 respectively for the corresponding week in 1933. Quoted prices on Ohio and similar fleece wools at Boston declined slightly in early October, but have been unchanged since that time. In general, trading on the Boston market in recent weeks has been most active on the finer western grown wools. The United States average farm price of wool as of October 15 was 19.3 cents per pound compared with 19.5 cents a month earlier and 23.6 cents a year earlier.

The Bureau of the Census reports that after an adjustment for the variation in the number of working days the consumption of combing and clothing wool on a clean equivalent basis by 505 identical mills in the 5 weeks ended September 29 was 29.5 percent less than in the 4 weeks ended August 25. Consumption of wool by mills reporting to the Bureau of the Census in the first 9 months of this year was about 35 percent less than in the same months of 1933, and was smaller than in corresponding months of any recent year. The decline in consumption in September, however, was to a considerable extent the result of the textile strike. Following the settlement of this strike in late September some improvement in the goods markets combined with the award of large government contracts for wool materials resulted in considerable increase in mill activity during October.

Stocks of combing and clothing wool in the hands of dealers, manufacturers, topmakers, commission houses and pullers reporting as of September 30 according to the Bureau of the Census amounted to 396,000,000 pounds in condition reported compared with 349,000,000 pounds reported on June 30. On a grease equivalent basis stocks on September 30 were 434,000,000 pounds compared with 390,000,000 pounds on June 30. Stocks of tops and noils held by dealers, topmakers and manufacturers were not changed greatly from the end of June to the end of September. The increase in stocks of wool held by dealers and manufacturers from June 30 to September 30 this year probably was largely offset by a decrease in stocks of wool held in the wool producing states, which are not covered in the report. Stocks remaining in producing areas, however, are estimated to be relatively large for this time of year. Similar figures on stocks held by dealers and manufacturers are not available for earlier years, but present wool stocks in this country in all positions are considered to be relatively large as compared with domestic production or domestic consumption requirements.

Receipts of domestic wool at Boston in October were relatively large for the month but were smaller than in October last year. From April 1, 1934, the beginning of the 1934-35 season, to the end of October receipts of domestic wool at Boston totaled 156,000,000 pounds compared with 231,000,000 pounds for the corresponding period a year earlier when the movement of wool to market was earlier than usual. Receipts at Boston for the 7 months April to October this year represented about 44 percent of estimated shorn wool production in 1934. In the same months of 1933 receipts were equal to about 63 percent of domestic production and in the 5-year period 1929-1933, April to October receipts averaged 59 percent of the shorn wool production.

Imports of wool continue to decline. Imports for consumption from January to September were 18,082,000 pounds of combing and clothing wool and 71,568,000 pounds of carpet wool. Net imports from January to September 1933 were 31,373,000 pounds of combing and clothing wool and 94,694,000 pounds of carpet wool. Since stocks of domestic wool remaining from the 1934 clip probably will be sufficient to meet domestic requirements for some time little increase in imports is expected during the remainder of the current season. Imports for the year 1934 will probably be smaller than in any recent year except 1932.

COTTON

Cotton prices in domestic markets during October and the first 2 weeks of November remained rather steady with the daily average of Middling 7/8 in the 10 designated markets ranging for the most part between $12\frac{1}{4}$ and $12\frac{1}{2}$ cents per pound. Domestic cotton consumption in October showed a marked increase from the unusually low level in September but for the first 3 months of the season it was the smallest with the exception of 1930-31 for the 22-year period for which records are available. Foreign countries consumed about 19 percent less American cotton during the first 2 months of the season than a year earlier and probably continued fully that much below a year earlier during October. The world supply of American cotton for this season is about equal to the 10-year average, but the supply of foreign cotton is around 25 percent above average.

Cotton prices in domestic markets were relatively steady during October and the first 2 weeks of November. With the exception of October 9 the daily average price of Middling 7/8 inch cotton in the 10 designated markets during this period ranged between $12\frac{1}{4}$ cents and slightly over $12\frac{1}{2}$ cents. During the week ended November 10 the price of Middling 7/8 in the 10 markets averaged 12.40 cents, which is the same as the average for October, compared with the average of 12.85 for September, 13.12 cents for August and with 9.16 cents for the month of October last year. The average United States farm price as of October 15 was 12.5 cents which was 0.6 cents less than the farm price of the 15th of August and of September, but the highest with the exception of these 2 months since June 1930.

During October there was a slight additional decline in the ratio of the price of Indian cotton in Liverpool to the price of American. The price of three types of Indian (Brooch, Oomra, and Sind) in October averaged 65 percent of the price of American middling and low middling, compared with 66 percent in September, 67 in August and an average of

74 for the 1933-34 season. The average ratio of Indian to American during 1932-33 was 87 and the average for the 10 years ended 1932-33 was 81. In only 3 months since 1920-21 has the average ratio of Indian to American been as low as 65.

Domestic mill consumption of raw cotton in October amounted to 520,000 running bales which represented an increase of 76 percent over the greatly restricted output of September and was the largest since March although just slightly larger than in May. Consumption in October was slightly larger than in October last year and the year before and considerably larger than in October 1930 and 1931. However, a part of the increase in October this year was due to the fact that consumption in September was unusually low partly as a result of the strike. Total domestic mill consumption during the first quarter of the current season amounted to 1,237,000 bales which was 355,000 bales or 22 percent less than the rather large consumption of the like period last season. It was the smallest for the period with the exception of 1930-31 for the 22 years for which records are available.

The New York Cotton Exchange Service has estimated that foreign countries consumed about 558,000 bales of American cotton during September compared with 570,000 bales during August, 708,000 bales during September last year or a decline as compared with September 1933 of 21 percent. The average consumption of American cotton in foreign countries during September of the 5 years ended 1933 was 630,000 bales. During the first 2 months of the season foreign consumption of American cotton has been estimated at 1,128,000 bales which is 19 percent less than a year earlier and 7 percent less than the 5-year average for these 2 months. Consumption of American cotton in the Orient during August and September this year was about the same as a year earlier, but in Great Britain and on the Continent consumption was respectively 29 and 25 percent less than last year. Weekly reports during October indicate little change as compared with September in the level of mill activity in foreign countries as a whole.

The 1934 United States cotton crop is expected on the basis of November 1 conditions to be 9,634,000 bales of 478 pounds gross or 500 pounds net. This is 191,000 bales larger than the October estimate but still 3,413,000 bales less than the 1933 crop, 5,032,000 bales less than the average United States production from 1928-1932 and with the exception of 1921 is the smallest since 1901. This gives an indicated supply of American cotton for the current season of slightly less than 20,300,000 bales which is 4,400,000 bales less than in 1933-34, 5,700,000 bales less than the record supplies of 1931-32 and 1932-33 and about the same as the average for the 10 years ended 1932-33. Present indications are that the 1934-35 foreign production of raw cotton will be around 600,000 bales larger than in 1933-34 which was itself the largest in history. With the world carry-over of foreign cotton at the beginning of the season about 1,000,000 bales larger than a year earlier the indicated supply of foreign cotton for the season is roughly 1,600,000 bales larger than in 1933-34 and around 3,900,000 bales or 25 percent larger than the average for the 10 years ended 1932-33.

Business statistics relating to domestic demand

Year and month	Industrial production 1/	Factory pay-rolls 2/	Factory employment 2/	Commodity prices: United States: Prices paid farmers 3/	Commodity prices: United States: Wholesale 4/: 1910-1914=100	Commodity prices: United States: Wholesale 4/: 1926=100	Commodity prices: Foreign 5/: In foreign currency	Commodity prices: Foreign 5/: In dollars	Interest rates 6/	Industrial stock prices 7/
	1923 - 1925 = 100						1926 = 100			
1929-										
July	124	107	106	147	141	96	94	96	6.00	344
1930-										
Jan.	106	96	97	145	135	92	90	92	4.94	252
July	93	84	90	120	123	84	83	84	3.16	232
1931-										
Jan.	83	70	80	101	114	78	76	77	2.85	168
July	82	66	77	86	105	72	74	73	2.00	143
1932-										
Jan.	71	54	69	71	98	67	71	60	3.88	79
July	58	40	59	63	94	64	67	56	2.54	46
1933-										
Jan.	65	40	60	60	89	61	68	54	1.44	62
Mar.	59	37	59	55	88	60	66	54	3.30	58
Apr.	56	39	60	58	88	60	66	55	2.60	65
July	99	51	72	83	101	69	68	75	1.75	100
Aug.	91	57	76	79	102	70	68	73	1.75	98
Sept.	84	59	80	80	103	71	69	78	1.53	100
Oct.	76	59	80	78	104	71	69	78	1.50	93
Nov.	72	56	76	80	104	71	69	85	1.50	96
Dec.	75	54	74	78	103	71	68	84	1.50	99
1934-										
Jan.	78	54	73	77	105	72	69	84	1.50	103
Feb.	81	61	78	83	107	74	69	86	1.50	107
Mar.	84	65	81	84	108	74	69	87	1.26	102
Apr.	85	67	82	82	107	73	69	86	1.25	104
May	86	67	82	82	108	74	68	85	1.18	95
June	83	65	81	86	109	75	68	85	1.00	97
July	75	60	79	87	109	75	69	85	1.00	94
Aug.	73	62	80	96	112	76	70	88	1.00	93
Sept.	71	58	76	103	113	78	70	88	1.00	90
Oct.				100					1.00	94

1/ Federal Reserve Board index, adjusted for seasonal variation.
2/ Bureau of Labor Statistics indexes, without seasonal adjustment.
3/ United States Department of Agriculture, August 1909 - July 1914 =100. Revised.
4/ Bureau of Labor Statistics index.
5/ Weighted average of index for eight foreign countries -United Kingdom, Canada, China, Japan, France, Italy, Germany, and the Netherlands.
6/ The Annalist. Average of daily rates on commercial paper in New York City.
7/ Dow-Jones index is based on daily average closing prices of 30 stocks.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

For release December 15, 1934

THE PRICE SITUATION, DECEMBER 1934

FARM PRICES

The general level of farm prices appears to be a little higher than a month ago. The marked advance in corn prices has been the most notable change since mid-November. Prices of small grains and some livestock have risen and dairy products have increased seasonally. Farm prices in percent of the pre-war level averaged 101 (revised) in mid-November compared with 102 in October and 80 in November 1933.

Prices of nearly half of the major farm products are now between 92 and 109 percent of their pre-war average. The major exceptions are relatively low prices of livestock and potatoes and relatively high prices of tobacco, cottonseed, and feed grains. Prices paid by farmers for commodities in November are estimated at 126 percent of the pre-war level, the same as for each of the previous 2 months compared with 116 in November 1933. The ratio of prices received to prices paid by farmers was 81 in November compared with 69 a year earlier.

Cash income from the sale of farm products in October 1934, excluding the sale of cattle to the Government, is estimated at $631,000,000 compared with $583,000,000 in September and $564,000,000 in October 1933. The increase in income from September to October this year, however, was less than usual. A marked decline in the seasonally adjusted income from crops was only partially offset by the slightly more than seasonal increase in incomes from livestock and livestock products. During the first 10 months of 1934, farmers' cash income was $5,045,000,000 of which $4,612,000,000 was from the sale of farm products through the regular channels and $433,000,000 was from rental and benefit payments and the emergency sale of cattle to the Agricultural Adjustment Administration. During the first 10 months of 1933, farmers' cash income totaled $4,099,000,000 of which $3,967,000,000 was from the sale of farm products and $132,000,000 from rental and benefit payments.

WHOLESALE PRICES

The general level of wholesale prices in the United States has fluctuated within a narrow range since early October. The week-to-week changes have ranged between 111 and 112 percent of the 1910-1914 average. No significant changes have occurred among the various commodity groups during the last 2 months.

The combined index of wholesale prices in the currencies of eight important foreign commercial countries has been steady at between 68 and 70 percent of the 1926 average for the last year and a half. Price declines in France and China have been offset by higher prices in Germany, Netherlands, Canada, and England; little or no change occurring in the level of wholesale prices in Japan and Italy.

In recent months wholesale prices in England, Canada, France, and Belgium have declined a little, whereas prices in Germany, Italy and Japan have strengthened a little. Prices in India, Canada, and Australia have been steady, whereas prices in Egypt have risen sharply.

BUSINESS CONDITIONS

Industrial production in the United States in November continued the moderate improvement begun in October and present indications are that the upward trend will continue at least until the spring months. During November increases in iron and steel and wool-textile production more than offset declines in automobile production. Activity in cotton textiles was slightly below that of October but considerably above the low point reached in September. Electric power production, railroad car loadings and bituminous coal production have all shown moderate improvement in November after seasonal adjustment. Although a slight decline was recorded from October to November in the seasonally adjusted index of department store sales, retail sales as a whole have been maintained at levels well above those of a year ago with the greatest improvement occurring in the rural areas.

There are several factors in the business situation which point to a continuation of the moderate improvement of the past 2 months. The introduction of 1935 automobile models is just getting underway and production is expected to continue upward from now until the spring peak. Wool textile activity has shown a marked improvement since September and many mills have sufficient orders to continue operations for several months. The Federal Housing Administration has now completed plans for insuring the financing of new residential construction. While no construction involving this insurance feature has yet been started, this together with further increases in expenditures for home improvement are expected to stimulate residential building activity in the spring months.

Building contracts awarded during the first 18 days of November failed to retain the improvement recorded in October. The daily average of contracts awarded declined from $5,212,000 in October to $4,741,000 in the first weeks of November in response to a decline in residential, public works, and utility contracts awarded. In November last year daily contracts awarded averaged $6,493,000 largely because of the high level of public works projects awarded in that month.

The level of retail sales as a whole was well maintained in November at levels somewhat above a year ago. The Federal Reserve Board's seasonally adjusted index of department store sales declined from 74 in October to 72 in November but was well above last year when the index for November was 65 percent of the 1923-1925 average. Mailorder house sales in November continued at levels well above those of the same month last year and variety store sales increased from October to November.

Industrial activity in most foreign countries has been steady to slightly lower in the past month. In Great Britain improvement in building activity and in the heavy goods industries in October more than offset the decline in the textile industry and a slight increase was recorded by the Economist index of business activity. Little change has occurred in the level of industrial activity in European countries except in some of the "gold block" countries where the level of industrial output has continued to decline. In Japan, business activity continues at high levels with foreign trade showing a sharp increase in October over that of September and of October a year ago. Chinese exports have continued to decline. The low level of international trade continues to be an important factor in restricting further improvement in industrial activity in many countries. During recent months the value of goods (in terms of gold) moving in international trade has been only slightly above the level of last year and is still near the low point of the depression.

WHEAT

Wheat prices in the United States averaged about the same in November as in October. In the cash markets prices were slightly lower, whereas futures prices averaged slightly higher. In late October prices were at the lowest levels which had prevailed since July, but this was followed by a recovery which was apparently due in part to the pegging of prices on the Winnipeg Exchange and in part to the easing of the pressure of Argentine shipments. The maintenance of the improved level in the United States in the face of some further decline in Liverpool prices which was not terminated until the latter part of November appears to have been due to a combination of factors including reports of heavy feeding of wheat, serious deficiencies of moisture in the western Great Plains region and the rapidly rising prices of corn. With world shipments running at slightly higher levels than last year, prospects are for some strengthening of world prices during the next few months.

The United States average farm price of wheat in mid-November was 88.1 cents per bushel. A month earlier it was 88.5 cents, and in Novemner 1933, 71.1 cents per bushel. At Kansas City, No. 2 Hard Winter declined from an October average of 102.2 cents to 101.8 cents for November; at Minneapolis No. 1 Dark Northern Spring declined from 114.9 to 114.0 cents and No. 2 Hard Amber Durum from 145.4 to 141.8 cents; while at St. Louis No. 2 Red Winter rose from 99.5 to 100.9 cents. Futures prices, on the other hand, averaged higher in November than in October. Thus, Chicago December futures averaged 99.5 cents per bushel in November compared with 98.1 in October, while May futures averaged 98.5 compared with 98.1 cents in October.

At Liverpool, wheat prices continued downward through mid-November, a low point of 68-1/2 cents per bushel for the December contract being reached on the 21st and 23rd of November. At that time December futures at Liverpool were approximately 30 cents below December futures at Chicago. There was, however, much less difference between prices of other deliveries. At Chicago, December and May futures have been selling at about the same prices for some time and during the month of November May futures were lower than December futures. This, of course is a very unusual situation. At

Liverpool, May futures have recently been in the vicinity of 8 to 10 cents above the December option and on November 23, when December futures at Chicago closed approximately 30 cents per bushel higher than the corresponding future at Liverpool, May futures in the same market were only about 20 cents above Liverpool.

There has been relatively little change in the wheat production estimates for the 1934-35 season during the past month. On the supply side, however, considerable attention has been given to the deficient moisture in the southwestern Great Plains region of the United States where the fall growth of winter wheat has been very poor. In western Kansas, for example there is a very significant relationship between precipitation during the months of September to November inclusive and the abandonment and yields of winter wheat. During these months of this year, precipitation in western Kansas has apparently been only about 77 percent of normal. Fairly general rains and snows during the latter part of November and early December furnished considerable relief over most of the region however. Further to the East conditions have been much more satisfactory and private crop reports as of December 1 indicate the condition of the winter wheat crop as a whole is better than in the past 2 years though somewhat below average.

In Argentina heavy rains fell over a great part of the wheat zone during the last few days of November and early December. It is reported that they caused no damage to the wheat crop in the southern half of the wheat zone where the condition of the crop is the best in many years, although it is late. In the Provinces of Santa Fe and Cordova, however, the heavy rains are reported to have caused lodging and to have lowered both the quality and the yield. Last year the Argentine production amounted to 286,000,000 bushels, which was the highest level since 1928-29, when the crop was estimated at 349,000,000 bushels. It now seems likely to be about 250,000,000 bushels.

A considerable amount of wheat continues to be imported; total duty paid imports during the period July 1 to December 8 having amounted to 5,046,000 bushels, compared with 22,000 bushels during the corresponding period of 1933. Of this amount 3,360,000 bushels were imported at the 42-cent rate of duty, whereas 1,686,000 were imported as "wheat unfit for human consumption" at the 10 percent ad valorem rate of duty. Low grade Canadian wheat imported at a 10 percent rate of duty provides a feed much cheaper than corn. Recently, the lowest grades of rejected and smutty wheats have been selling at Winnipeg for only about 60 cents per bushel, whereas at Chicago No. 3 Yellow corn averaged 96.9 cents during the week ended December 8.

Only small amounts of wheat appear to be available for importation as unfit for human consumption, however, unless they are made unfit by staining or other methods. During the months August to October only about one-quarter of 1 percent of the Canadian wheat was classed as rejected and feed wheats respectively, and that proportion of the total crop would amount to only about 1,300,000 bushels. A somewhat larger proportion of the crop has been falling in the lower grades recently, however, and on the basis of the October inspections approximately 760,000 bushels of the crop would be classed as rejected, and 1,400,000 as feed wheat. Applying the percentages

of inspections for the month of October to the total crop, less than 4,000,000 bushels are to be classed as sample, rejected, feed and smutty. An additional 821,000 bushels would thus be classed as damp, whereas there would be nearly 40,000,000 bushels of tough wheat. Most of the damp and tough wheat, however, is suitable as milling wheat when it is properly dried and conditioned. If it should be possible to diver any large quantity of Canadian or other foreign wheat to feeding purposes in the United States, this would tend to improve the world level of wheat prices. For the current season, however, the effect probably would be to hold prices in the United States to a level somewhat lower than would otherwise exist.

World shipments of wheat recently have been running in the vicinity of 10,000,000 bushels weekly, but for the week ended December 8 they dropped to only 8,322,000 bushels. Total shipments for the season through December 8 have amounted to approximately 237,000,000 bushels compared with 228,000,000 during the corresponding period of last year. Both Argentine and North American shipments have been ranging mostly between 3,000,000 and 4,000,000 bushels weekly, whereas Australian shipments have been fluctuating between 1,000,000 and 3,000,000 bushels weekly. Shipments from other sources have been averaging about 1,000,000 bushels weekly.

CORN

Corn prices advanced sharply in November and early December. It is expected that corn prices from January to April 1935 will not be greatly different from the average for December 1934. The shortness of the crop is accentuated by its low quality and the proportion of the new crop utilized so far this season has been greater than average. Commercial stocks decreased sharply in November but imports of feed grains, hay and feedstuffs, while not anywhere near large enough to meet the feed shortage, increased considerably.

Market prices of corn advanced sharply in November. During the first week of that month No. 3 Yellow at Chicago averaged 78.7 cents per bushel, and in the first week of December, 96.9 cents. The November average of 83.4 cents was 5.5 cents higher than the October figure. The advance of No. 3 Yellow from October to November at Kansas City was 10.8 cents, at St. Louis 7.9 cents and at Omaha 6.4 cents. Compared with price changes in these months in previous years this change is very unusual in direction and amount. Market prices of oats at Chicago showed little change during November, but barley prices at Minneapolis advanced sharply toward the close of November to approximately the mid-September peak.

The United States farm price of corn, November 15, of 75.7 cents was slightly below the October 15 figure of 76.7 cents and the September 15 price of 77.4 cents per bushel. A year ago the average farm price was 40.6 cents per bushel. From October 15 to November 15 prices declined in areas of fairy corn supplies, but were mostly higher in the states having a small corn harvest. In this period, declining prices in the Middle Atlantic States, East North Central, South Atlantic, and East South Central States

were nearly offset by the higher prices in the West North Central States, West South Central, Mountain, and Pacific Coast States. Wheat continued relatively cheaper than corn in the Mountain and Pacific Coast States, although wheat, and the principal feed grain in this area, barley, sold on November 15 at about the same price per pound.

From June through November 1934 the seasonal trend of No. 3 Yellow at Chicago has been quite similar to that in the same period of 1901. From the standpoint of feed grain supplies, hay production and livestock numbers, conditions during 1934-35 appear more nearly like those of 1901-02 than those of any other recent year. The present shortage of feed grains compared with livestock numbers is, however, more severe than in 1901-02. After adjusting for changes in the price level, corn prices in 1901-02 fluctuated during the period December 1901 to July 1902 within a narrow range of between 104 and 110 percent of the November-December price average. A study of corn price movements during past years suggest that because of the sharp reduction in livestock numbers, particularly hogs, unfavorable feeding ratios, efforts to secure feed and forage from sources not generally used, and the recent sharp advance in corn prices at some markets, corn prices during the first 4 months of 1935, January through April, may not be greatly different from the average of prices in December. Prices during these months will be relatively firmer in the drought areas than in those states where the corn crop was not much below average. The level of corn prices (adjusted for price level) in years of a short corn crop when the number of animals was below a long-time trend or normal were fairly steady from November to April. With animal units on January 1 expected to be about 20 percent under a year ago, demand for feed grains during the feeding season will be low. Feeding ratios in this period, however, may be more favorable than in November since higher livestock prices are expected after the turn of the year. Based on farm prices, the hog-corn price ratio November 15 was 6.7 for the United States and 6.8 for Iowa.

Early market movement of the new crop reflects the small 1934 harvest. Feeding from the new crop has also been proportionally heavier than usual. Receipts of corn at 13 primary markets during November aggregated only 8,437,000 bushels compared with 22,196,000 bushels in that month last year and 17,845,000 bushels, the 5-year (1928-1932) November average. Early market receipts show lower-than-average moisture content but a high percentage of damaged kernels. This is unusual in the early part of a new corn crop movement. Corn earworm infestation in the Corn Belt is very great - probably the greatest on record. The percentage of the crop of merchantable quality is low. November receipts of oats of 3,979,000 bushels, were about as large as those of a year ago. The 5-year average was 6,331,000 bushels.

Active cash corn demand, principally for rail shipment or trucking into the drought area, increased the movement of corn from markets. Shipments from the 13 primary markets during November totaled

11,902,000 bushels against 12,953,000 bushels in November 1933 and 8,920,000 bushels, the 5-year (1928-1932) November average. Shipments of oats from these markets totaled 3,112,000 bushels compared with 3,730,000 bushels in November a year ago. The 5-year average was 6,236,000 bushels. With shipments of corn from the markets far in excess of receipts, market stocks declined sharply. The reduction was quite general although it was sharpest at markets close to the drought area. On October 27, 60,540,000 bushels of corn were in store at the principal United States markets, whereas on December 8 they totaled only 47,318,000 bushels. Stocks of corn were increasing during this period last year. Commercial stocks of oats were reduced about 1,000,000 bushels during the past month, but barley stocks increased nearly 3,000,000 bushels.

Wet-process corn grindings for domestic consumption during November totaled 4,069,526 bushels compared with 5,302,000 bushels in October. Prices of products resulting from the wet process, including starch, syrup and sugar, did not advance in November as much as corn, reflecting the extent of competition afforded by sucrose and tapioca flour. The index of wet-process corn-product prices for November, Chicago basis, was 99.9 percent of the base period (1926 = 100) and corn 111.3 percent. The former index was about 2 points higher than the October figure but corn was up approximately 7 points.

Slightly over 2,000,000 tons of hay and other roughage have been located by the Federal Livestock Feed Agency at Kansas City and listed as being for sale. This does not include a complete tabulation of available soybean hay in Illinois or corn stover and corn fodder saved under or as the result of the conservation program. The volume of listings suggests the extent of the plantings of late feed and forage on the contracted acreage, improved fall pasturage as the result of relatively mild weather, and probable extent of conservation of roughage. Rains in California improved local pastures, thereby releasing considerable surplus alfalfa hay for shipment into certain sections of the central western drought area. More than 30,000 cars of alfalfa and other hay in California, Washington, and Oregon are listed by the Feed Agency.

The President's Drought Relief Committee recently announced there would be no further distribution of feed supplies, as such, to relief clients by agencies connected with the Federal Emergency Relief Administration. However, the Federal Emergency Relief Administration will provide funds to farmers for the purchase of feed to maintain livestock in case of farm families eligible for relief, with such funds limited to an amount necessary to provide feed for subsistence of 10 livestock units. Extension of credit to farmers for feed purchases through commercial channels and extension of credit to producers not in a position to avail themselves of commercial credit or of production credit loans is also being developed.

Imports of feed grains, feedstuffs and hay increased sharply in October over those of the preceding month, and trade reports imply continued heavy imports in November. Imports of corn during October aggregated 500,543 bushels, of oats 1,070,248 bushels, of hay 3,937 short tons, which includes 165 tons brought in under the President's Proclamation free of duty for use in drought afflicted counties, of wheat feeds 28,225 short tons and of soybean meal 5,010 short tons. A small quantity of wheat has been imported for feed under the classification of "unfit for human consumption" which carries a 10 percent ad valorem duty or around 7 cents per bushel. The duty on wheat for human consumption is 42 cents per bushel. A fairly large amount of wheat may be made available for importation under the classification, "unfit for human consumption".

RICE

Prices of rough and milled rice in the Southern States and California early in December were at about the minimum levels provided for in the marketing agreements for the respective areas. The 1934-35 supplies of rice in the United States are larger than in 1933-34 but the world crop is probably smaller. Disappearance of southern milled rice so far this season has been larger than in the same period last year, particularly in the United States, but the movement of California rice has been restricted to Hawaiian, Pacific Coast and Puerto Rican outlets. Shipments of California-Japan to Puerto Rico have been a smaller proportion of the total movement to that Island than last year. Fairly liberal importation of relatively cheap Philippine rice continued to unsettle the domestic rice situation.

Southern Belt

Rough rice

Supplies of rough rice in the Southern Belt, December 1, 1934, were probably smaller than a year earlier. Taking into account the southern rough rice carry-over in all positions, August 1, of 202,000 barrels, the crop of 8,250,000 barrels (November 1 estimate) and allowing 425,000 barrels for seed, feed and waste, the 1934-35 supplies of rough rice for milling and carry-over aggregate 8,027,000 barrels. Receipts at commercial mills in 1933-34 amounted to 7,627,000 barrels and it is estimated that about 150,000 barrels were milled by custom and commercial hullers, making a total of southern mill receipts of rough rice of 7,777,000 barrels.

Marketings of southern rough rice declined sharply in November with commercial mill receipts totaling only 910,400 barrels compared with 1,973,700 barrels in October and 1,100,000 barrels in November 1933. Commercial mill receipts of rough rice in the heavy marketing period, August through November 1934, were 3,963,600 barrels compared with 4,432,000 barrels in the same period last year. Assuming fairly liberal millings by hullers, there remained about 4,000,000 barrels of rough rice to be accounted for, December 1, 1934. Of this supply, mill stocks on that date totaled 1,003,000 barrels, leaving close to 3,000,000 barrels on southern farms or in country warehouses. This compares with the December 1, 1933 mill stocks of rough rice of 1,248,000 barrels, and farm or country warehouse stocks as measured by mill receipts, December 1933-July 1934, of slightly over 3,000,000 barrels.

The milling quality of the 1934 southern rice crop is below that of the 1933 harvest. Nearly one-half of the 1,508,000 bags of southern rice inspected between August 1 and December 7, 1933 were of prime milling quality, while in about the same period this season only 21 percent of the approximately 4,500,000 barrels inspected fell into this class. A larger proportion of the inspections this year show chalkiness in varying degrees, and a larger percentage has more than 14 percent moisture.

Higher minimum southern rough rice prices for 13 specified varieties were established by the Secretary of Agriculture October 15 under provisions of the Southern Rice Agreement and License. No. 1 prime "A" milling quality Early Prolific, Shoamed and Japan was given a minimum price of $2.90 per barrel of 162 pounds, Blue Rose type Prolific $3.10, Blue Rose $3.30, Louisiana Pearl $3.15, Lady and Early Wright $3.30, Edith and Stormproof $3.60, Fortuna and Nira $3.65, and Rexoro $3.70 per barrel. A schedule of premiums and discounts for rice of different quality than the above is given in the "Amended Marketing Agreement for the Southern Rice Milling Industry, July 21, 1934". These minimum prices were 5-20 cents higher than the 1933-34 minimum prices. Early in December Blue Rose and Prolific, which together account for about three-fourths of the southern production of all varieties, were selling at the base prices, but long grain rices, particularly Rexoro and Fortuna, were selling at slightly above the fixed minimums.

Milled rice

Production of southern milled rice, August through November 1934 was slightly less than in the same period last season. However, with a reduction in the large accumulation of milled rice at mills, movement of milled rice into commercial channels during the mentioned 4 months this year of 3,105,200 pockets was somewhat in excess of the 2,790,700 pockets shipped out in the same period last year. The term, "milled rice", as used here, refers to head rice, second heads, and screenings. In addition, 119,000 hundredweight of brewers rice were moved into trade channels so far this season compared with slightly over 98,525 in the same period a year ago. Movement of milled and brewers rices from southern mills to points of consumption fell sharply in November from the level in October, but remained in excess of those in November 1933. Shipments to Puerto Rico and exports during the first 4 months this season were not greatly different from those in the same period last year, suggesting increased utilization in the United States.

Southern milled rice prices early in December were on a lower level than previous to October 15, on which date the permitted charge of converting rough rice to milled grain was reduced by an amendment to the license for the southern rice industry. Fancy Blue Rose was selling at New Orleans, December 10, at $3.50 - $3.65 compared with $3.70 - $3.85 per pocket early in August.

California

Rough rice

The 1934 California rice crop was estimated at 7,665,000 bushels of 45 pounds each or 3,449,250 bags of 100 pounds each. This crop is

much larger than the 2,719,000-bag harvest of 1933, but is slightly under the 5-year average of 3,520,000 bags. The California rice season begins on October 1 at which time mill stocks of rough rice totaled 30,100 bags as against 36,900 bags a year earlier. Data are not available on mill receipts for November but trade reports indicate that they were seasonally light with mills generally reducing stocks rather than making replacement purchases of rough rice. Mill receipts in October this year amounted to 626,300 bags (100 pounds each) compared with 692,000 bags received in that month of 1933. No. 1 paddy yielding 54 pounds of head rice was selling at $1.71 per 100 on December 10 and that yielding 50 pounds at $1.66 f.o.b. interior shipping points or close to the minimum provided by the California Marketing Agreement. Surplus or "excess" rice was netting growers $1.05 - $1.15 per 100 early in December with poultry feeders the principal takers. Late September and early October threshings were of comparatively good milling quality but the late marketings have been less satisfactory with numerous lots not yielding more than 40 - 45 pounds of head rice per 100 of rough.

Milled rice

Production of California milled rice in October, the most recent month for which data are available, was 191,700 bags (100 pounds each) or slightly more than in this fall month of 1933. It is very likely that the November millings were below the seasonal normal for that month. Shipments from mills in October of 168,000 bags were only slightly larger than a year earlier. The market for California-Japan this season has been limited--principally to Hawaiian and Pacific Coast outlets. Foreign demand has been negligible and Puerto Rican purchases have been reduced since prices of California-Japan have been relatively too high compared with grain from other sources, particularly the South. The seasonal total (October through November) of shipments to Puerto Rico this year was 72,835 (100 pound bags) compared with 118,615 bags for the same months last year. According to weekly data of the Department of Commerce shipments of California-Japan to Hawaii from October 1 - December 8 were 81,760 bags against 93,650 bags in the like period last year.

Foreign Situation

Production statistics are hardly in sufficient quantity to estimate the 1934 world outturn of rice. However, with a marked reduction in the Chinese and Japanese crops a 1934 world crop somewhat smaller than the 1933 production is probable. The 1934 rice crop for all of China is estimated to be about 20 percent below the 1933 production. Larger importations, principally from Indo-China, Burma and Siam, are anticipated. The second estimate of the Japanese crop is 15,942,000,000 pounds compared with 22,251,000,000 pounds last year. The November 1 carry-over was estimated to be 5,149,000,000 pounds against 2,984,000,000 pounds on the same date a year ago.

With relatively high rice prices in United States and no duty on Philippine rice, fairly heavy imports of rice from the Philippine Islands have unsettled the domestic market situation. Distributors estimate that approximately 50,000 bags of Philippine rice were received at San Francisco since the movement began several months ago, the bulk of which was later

moved to eastern seaboard markets. Approximately 50,000 bags additional are either afloat or are to be shipped during December. Last season, imports were negligible. Early imports of Philippine rice were of rather low quality but recent arrivals have been of more uniform and of higher quality. Philippine rices were quoted on December 10 at $2.25 - $3.05, depending upon class and quality, delivered at Pacific ports, and $2.50 - $3.30 per 100 pounds at Atlantic Coast ports. In comparison fancy California-Japan was selling on the same date at San Francisco at $3.77½ and fancy Blue Rose at New York at $4.05 per 100. Seven hundred bags of Philippine brewers rice were received at San Francisco early in December and sold at $1.40 - $1.85 depending upon quality. A thousand bags were reported purchased for shipment later in the season.

POTATOES

Potato prices at market centers improved slightly during November as most of the late crop was placed in frost-proof storage for the winter and early spring movement. There is a heavy concentration of high quality stock in the Northeastern and North Central States this year, which is likely to keep market prices at about present levels during the rest of the season. In the Western States potato production was relatively light, and prices there are likely to show some improvement as the season advances. According to November estimates, production in the Northeastern States totals 132,000,000 bushels this year, as against 96,000,000 in 1933; in the Central States 123,000,000 bushels, against 92,000,000 last year; and in the Western States only 56,000,000, compared with 73,000,000 bushels in 1933.

At New York, potato prices averaged $1.00 per 100-pound sack, l.c.l. during the first week of December compared with 98 cents in the first week of November and $1.66 a year ago. At Chicago, round whites averaged 84 cents per 100-pound sack, on a carlot basis, or 2 cents higher than a month earlier compared with $1.26 a year earlier. Green Mountains at Presque Isle, Maine averaged about 42 cents per 100-pound sack f.o.b. for the first week of December, about the same as a month previous, compared with $1.16 at the same time last season. Round whites at Rochester, New York averaged 56 cents sacked per 100 pounds f.o.b. or slightly higher than in November, but considerably below the $1.15 in December 1933. At Waupaca, Wisconsin they averaged about 58 cents, the same as a month earlier, but much below the $1.02 a year ago. Russet Burbanks at Idaho Falls, Idaho averaged about 72 cents per 100-pound sack f.o.b. cash track, or slightly lower than a month previous. During the first week of December 1933, they averaged 80 cents.

The average United States farm price was 45.9 cents per bushel on November 15, compared with 49.0 cents on October 15, 68.8 cents on November 15, 1933, and 60.4 cents the pre-war November average.

TOBACCO

Prices of tobacco at auction warehouse markets continue at levels materially above a year ago. Burley (Type 31) markets for the 1934 season opened the first week in December with prices averaging around 20 cents

per pound, according to unofficial reports. The season average price of the 1933 crop was 10.6 cents per pound. Markets for Kentucky-Tennessee fire-cured tobacco opened at Springfield and Clarksville, Tennessee, (Type 22) the second week in December. Prices for the opening week at Springfield averaged 14.2 cents per pound this year compared with 10.1 cents for the opening week last year, and 7.9 cents for the opening week 2 years ago, according to unofficial reports. The opening of the western fire-cured markets has been postponed until after January 1.

Virginia fire-cured (Type 21) prices recently showed some decline from opening levels reported a month ago but still are much above those of the last 4 years. Warehouse sales during November averaged 14.1 cents per pound, according to state reports, compared with a season average price for the storm-damaged 1933 crop of 6.8 cents per pound and 8.0 cents per pound for the 1932 crop. Flue-cured (Types 11-14) prices average 28.1 cents for November compared with 33.3 cents for October and 19.2 for November 1933. Total sales to December 1 of flue-cured tobacco this year averaged 27.9 cents per pound compared with 15.1 cents for sales during the corresponding period last year and 11.9 cents during the corresponding period of 1932. Only a very small part of the 1934 crop remains to be sold and many markets will close for the season before the Christmas holidays.

Total supplies of all important types of tobacco in the United States in 1934-35 are below those of a year ago. The acreage planted to tobacco in 1934 was the smallest since 1921 and the second smallest since 1914. Production in 1934 was smaller than that of 1933 by more than 25 percent. The permitted sales of the 1934 crop announced by the Agricultural Adjustment Administration are approximately 200,000,000 pounds below the level of estimated world consumption of American tobacco. Any Burley, fire-cured or dark air-cured tobacco produced in excess of the permitted quantity in 1934, is required to be rendered unmerchantable according to an Agricultural Adjustment Administration ruling issued December 5, 1934. The November 1 official estimate of the 1934 production of these types was approximately 65,000,000 pounds above the permitted quantities announced by the Agricultural Adjustment Administration. Growers of flue-cured tobacco were permitted to market virtually all their 1934 crop, estimated at 562,000,000 pounds, which was nearly 100,000,000 pounds below the estimated world consumption. Cigar-leaf production estimated for 1934 was approximately 35,000,000 pounds below annual consumption.

Domestic output of tobacco products in 1934 showed an increase over 1933, according to monthly reports of the Commissioner of Internal Revenue. During the first 10 months of the year, cigarette output increased 9.8 percent and cigars increased 4.6 percent, compared with the corresponding period of 1933; snuff and manufactured tobacco (smoking and chewing combined) were approximately the same as a year earlier. Of the total leaf tobacco used in the United States about 45 percent is used in cigarettes, 15 percent in cigars, 5 percent in snuff, and 35 percent in manufactured tobacco. In October 1934, factory output was above that of October 1933 by 16.8 percent in the case of cigarettes, 16.7 percent for cigars, and 2.6 percent for manufactured tobacco. Snuff output in October this year was 19.7 percent below that of October 1933.

Exports from the United States of leaf tobacco of all types in October were 61,606,000 pounds compared with 64,464,000 pounds for October 1933, and a 5-year average of 64,244,000 pounds for October. Exports of flue-cured tobacco, which represented 82 percent of the total leaf exports during October this year, were slightly below those of a year earlier and 5 percent below the 5-year average for the month. Flue-cured exports from July to October 30, 1934, were above those for the corresponding period of each of the last 3 years. Takings of flue-cured tobacco by the United Kingdom have shown a substantial increase this year, but exports to China have been considerably below those of other recent years. Exports of fire-cured, dark air-cured and Maryland tobacco, each continue to fall below those of a year ago and below the level of other recent years. Burley exports in October were smaller than a year ago, but were above the usual exports for the month. Exports of Burley tobacco for the crop year ended September 30, 1934, were the second largest of record.

HOGS

The seasonal decline in hog prices which began in early September and continued through October was checked in early November and prices of heavy weight hogs have since shown a slight tendency to move upward even though the seasonal increase in marketings is still in progress. With unusually short market supplies of hogs in prospect during the late winter (January to March) the seasonal advance in hog prices during this period is expected to be much greater than average.

The very large proportion of lightweight and unfinished hogs and the relatively large numbers of light pigs in recent market supplies reflect the extreme shortage and high price of feed and the urgent necessity of producers to sell their hogs before they are ready for market. The weight and quality of current offerings also is evidence of the impending marked reduction in prospective marketings in the late winter. In brief, the price movement and supply situation for the fall and winter season to date has been typical of similar periods following a very short corn crop.

The weekly average of hog prices at Chicago reached its low point for the current season to date during the week ended November 3, when it was $5.38 per 100 pounds. It has since ranged between $5.63 and $5.78. The average for November was $5.66 compared with $5.60 for the previous month and $4.04 for November last year. During the last 2 months the premium paid for medium and heavyweight hogs has been much greater than average for this season of the year. In November, the price of heavy hogs was about $1.40 per 100 pounds higher than that of the extreme lightweights (140-160 pounds), whereas a year earlier the difference was only 9 cents.

Hog slaughter under Federal inspection in November, totaling 4,023,000 head, was about 13 percent larger than in October but 10 percent smaller than in November last year. Slaughter in November 1933, however, was the fourth largest for the month on record. Federally inspected slaughter for October and November combined this year was about the same as in those months in 1933. The marketing season for the spring pig crop is largely from October to April and since the spring pig crop this year was very much smaller than that of last year, the fairly large hog slaughter in October and November, together with the marked decrease in average weights, reflects chiefly the unusually early market movement of spring pigs

which is occurring because of the shortage and high prices of corn. The average weight of hogs at the seven leading markets in November was 207 pounds compared with 230 pounds in November last year. Both the number and proportion of heavyweight butcher hogs in market offerings have been unusually small in recent weeks.

Based on farm prices as of November 15 the hog-corn price ratio in the Corn Belt States was at a record low of 6.8 in November compared with 10.4 a year earlier, and a 10-year November average of 12.2. The advance in farm prices of corn has been relatively more pronounced in the West North Central States where the decrease in corn production has been greater than in other areas, consequently the hog-corn price ratio in that area is now relatively low compared with the ratio in the eastern Corn Belt.

Wholesale prices of pork did not change greatly in November, but lard prices advanced early in the month. The rise in lard prices in the last 6 months has been relatively greater than the advance in pork prices, partly because the reduction in lard production has been relatively greater than that of pork, and also because of the sharp decrease in lard production in prospect. In recent weeks prices of lard have been about as high as the prices of pork loins, and prices of dry salt backs and bellies have been higher than prices of loins and some of the other cuts of fresh pork. This unusual price situation has resulted chiefly because the reduction in the supplies of heavy hogs has been so much greater relatively than that of the lighter weights. The composite wholesale price of hog products at New York in November was $15.90 per hundred pounds compared with $16.82 in October and $11.85 in November 1933.

The seasonal increase in stocks of pork in storage in November was slightly greater than that in November last year even though hog slaughter was smaller. The seasonal reduction in lard stocks that usually occurs in that month was less than that of a year earlier. Stocks of pork on December 1, totaling 570,000,000 pounds were 13 percent larger than on November 1, 8 percent larger than those of a year earlier, and 28 percent larger than the 5-year average for the month. Reported stocks on December 1 last year included about 70,000,000 pounds of pork held for government account for relief purposes. Current holdings are practically all commercial stocks. Lard stocks on December 1 totaling 104,000,000 pounds were slightly smaller than those of November 1 and 10 percent smaller than those of a year earlier but were 85 percent larger than the 5-year average for the month.

Exports of pork and lard in October were materially smaller than in that month last year, and they were smaller than in any month thus far in 1934. The decrease in pork exports in October compared with a year earlier amounted to 25 percent, and the drop in lard exports was 46 percent. Lard exports in October were the smallest for any month in the post-war years at least. Shipments of both pork and lard from the principal ports in November were considerably smaller than in November last year.

The provisions of the 1935 corn-hog contract recently announced by the Agricultural Adjustment Administration allow for a smaller reduction from the base period (1932-33) production of contracting producers than was permitted in 1934. Under the terms of the new contract, cooperating hog producers will not be allowed to produce more than 90 percent of the average number of pigs produced in the years 1932 and 1933. The 1934 contract

provided that only 75 percent of the base period production could be raised. In some areas the 1935 control program will tend to prevent part of the increase in the 1935 pig crops, which otherwise would occur, but in most of the worst drought areas an even greater reduction in pigs raised in 1935 than contemplated under the program is probable because of the shortage and high prices of corn and other feeds.

CATTLE

The fairly large market movement of short-fed cattle now in progress may continue for about 2 months, after which it is expected that slaughter supplies of all kinds of cattle will be sharply curtailed. Marketings of well-finished cattle have declined considerably since September and during the first half of 1935 the proportion of such cattle in the market supply will be unusually small. The normal seasonal tendency in the first half of the year is for prices of the better grades of cattle to decline and for the lower grades to advance. Because of the probable marked reduction in supplies of cattle, calves, and other meat animals in 1935, it is likely that the trend in prices of all grades of cattle and calves will be upward in the first half of the coming year.

After declining steadily from late September through October, cattle prices advanced in November, recovering part of the October decline. The advance during November was confined largely to prices of the better grades of slaughter steers since little change occurred in the prices of the lower grades. In October the decline in prices was most marked in the case of the better grades of cattle. The average price of choice and prime grade steers at Chicago was $9.02 per hundred pounds the last week of November compared with $8.19 the last week in October, and $9.60 at the high point reached the last week in August. The average price of common grade steers at Chicago was $3.76 the last week in November compared with $3.67 in late October and $4.65 in late August. The average price of all grades of slaughter steers at Chicago in November was $7.28 per hundred pounds compared with $7.48 in October, and $5.13 in November last year. The United States average farm price of beef cattle on November 15 was $3.81 compared with $3.96 a month earlier and $3.32 a year earlier.

Prices of stocker and feeder cattle advanced slightly during November and at the end of the month were about 50 cents per hundred pounds higher than a year earlier. This small advance compared with a year earlier is in marked contrast to the rise of more than $2.00 per hundred pounds in prices of slaughter steers in the same period. Prices of good grade cows were about steady during November, but those of lower grades declined slightly. Prices of veal calves also declined during the month.

Receipts of cattle for commercial purposes at the seven leading markets in November were 29 percent smaller than in October and about the same as in November last year, and also about the same as the 5-year average receipts for the month. In both October and November commercial supplies of cattle and calves were not greatly different from those of a year earlier, whereas receipts in the earlier months of 1934 were considerably larger. Inspected slaughter of cattle in November, including those slaughtered for the account of the Federal Government totaled 1,232,000

head, the second largest for the month on record, but it was the smallest monthly total since July, when slaughter for government account began in large volume. Inspected slaughter of calves including government slaughter in November of 495,000 head was the largest for the month on record, but it was smaller than in other recent months and only slightly larger than in November last year.

Receipts of slaughter steers at Chicago in November were only slightly smaller than in the corresponding month last year, but the proportions of the different grades of steers included were materially different. In November this year the proportion of choice and prime grade steers was considerably smaller than a year earlier, whereas the proportion of medium and common grades were much larger. This situation reflects the relatively large marketings of short-fed cattle in the last 2 months, which have been the result of the shortage and high prices of corn and other feeds.

Shipments of stocker and feeder cattle into the Corn Belt States in November were the smallest for the month in the last 16 years, and they were 45 percent smaller than the 5-year (1929-1933) November average. The total movement into these States from July to November this year was slightly less than that for the same period last year and was the smallest on record. Because of the short supplies and high prices of both grain and hay it is likely that a larger proportion of feeder cattle in all Corn Belt States will be wintered on roughage than was anticipated earlier. Reports from the Western States indicate that the number of cattle fed in such States will be considerably smaller than last year, except in California, where a slight increase in cattle feeding is expected.

BUTTER

Butter prices made somewhat more than the usual seasonal advance from October to November. Production during the fall was unusually heavy, but with the end of the pasture season and colder weather in recent weeks, production has declined sharply according to reports from some of the major producing sections. The low prices of butterfat in relation to feeds, and short supplies of feed indicate light production during the winter months, and less than the usual seasonal decline in prices from the winter peak until the end of the feeding period. The margin between domestic and foreign prices is about the same as the tariff, so that the changes in foreign prices will be important in affecting domestic prices. Estimated consumer expenditures for butter are larger than a year ago. Storage stocks are decidedly less than a year ago and slightly below average.

The price of 92-score butter at New York in November averaged 29.4 cents, the highest for any month since December 1931. The price in November was 2.5 cents higher than a month earlier and 5.8 cents higher than in November 1933. The index number of butter prices (adjusted for seasonal variation, 1910-1914 = 100) rose from 85 in October to 88 in November.

The farm price of butterfat in mid-November of 27.2 cents was 2.9 cents higher than in October, and 6.8 cents higher than in November 1933. Even with this increase in price, a pound of butterfat at farm prices was

equivalent to only 18.5 pounds of feed grains, the lowest for the month since 1917 compared with the 1925 to 1929 average for November of 32.4 pounds. The farm price of butterfat is also low in relation to hay and by-product feed prices. These price relationships will discourage the purchase of feeds for feeding milk cows and the raising of heifer calves for milk cows, and tend to increase culling of cows from herds.

Production of butter in October was slightly higher than a year earlier. The decline in production from September to October of 7.7 percent was less than the usual seasonal decline of 11.5 percent. October production in the East North Central States was 12.0 percent larger than a year earlier whereas in the West North Central States there was a decrease of about 1 percent. With the exception of small increases in the New England and South Atlantic States there were marked declines in production in the other groups of States. Weekly reports indicate a marked decline in production since mid-November. In some sections pastures during the late fall have been the best of the year. This tended to make fall production heavy. Heavy production however, is not likely to continue during the feeding period.

Trade output of butter in October was practically the same as a year earlier. The retail price however, was 4.2 cents or 15 percent higher, indicating an increase of 15 percent in consumer expenditures for butter to the highest level for the month since 1931.

On December 6 the price of New Zealand butter in London was equivalent to 16.0 cents in American money. On the same date the price of 92-score butter at New York was 30.2 cents or 14.2 cents higher. The margin was approximately the same as the tariff. The trend in foreign prices will be important in affecting domestic prices.

Cold storage stocks of butter on December 1 of 81,000,000 pounds were 57,000,000 pounds less than the exceptionally large stocks a year ago and somewhat less than the 5-year average for that date. The net-out-of-storage movement in November of about 30,000,000 pounds was relatively large compared with 22,000,000 pounds in the same month of 1933 and the 5-year average of 23,000,000 pounds.

CHEESE

Cheese prices have increased at a season of the year when there is usually little change in prices. Production of cheese is heavy and stocks are large, but the heavy movement into consuming channels, together with the prospects for low production of dairy products during the feeding period, and the rise in butter prices have strengthened the cheese market. Estimated consumer expenditures for cheese in October were the highest for the month since 1930.

The price of cheese (twins) on the Wisconsin Cheese Exchange rose a half cent in early November, and the price in November averaged 12.3 cents. This was an increase of 0.9 cents over October and 1.8 cents over November 1933. The increase from October to November was contrary to the usual seasonal change and the index of cheese prices (adjusted for seasonal variation 1910-1914 = 100) rose from 74 in October to 81 in November.

Production of cheese has been unusually heavy, estimated production in October made a new high for the month, being 14.6 percent above October 1933. The decline in production from September to October of 7 percent was about the same as the usual seasonal decline. Estimated production of American cheese in October was up 13 percent from October 1933. Production in Wisconsin was up 20 percent and in New York State, 31 percent. The decreases were primarily in the West North Central and Mountain States.

Trade output of cheese in October of 61,000,000 pounds was 25.7 percent larger than in October 1933. Retail prices of cheese for October were 2 percent higher than a year earlier. These changes indicate an increase of approximately 28 percent in consumer expenditures for cheese, to the highest level for October since 1930. The short supplies of meats in prospect for the coming months will tend to increase cheese consumption.

Cold storage holdings of American cheese on December 1 of 96,000,000 pounds were a new high for the month, compared with 85,000,000 pounds a year earlier and a 5-year average of 73,000,000 pounds. Imports of cheese in October of 4,500,000 pounds were somewhat larger than in October 1933, but are low compared with the corresponding month in other years.

CHICKENS AND EGGS

Market prices of eggs rose seasonally in November to what is probably the winter peak. A seasonal decline is in prospect but a somewhat short supply is likely to retard the usual sharp decline. Farm prices of chickens are probably at or near their seasonal low point. Supplies are somewhat short and are likely to continue relatively low except possibly in the case of broilers.

Prices of special packed mid-western eggs at New York averaged 36.4 cents a dozen in November compared with 29.7 cents in October and 33.7 cents in November 1933. The farm price of eggs on November 15 was 28.6 cents compared with 24.0 cents a year before. While the general seasonal course of egg prices during the next 3 months is downward, severe weather conditions often result in sharp but temporary advances. The farm price of chickens on November 15 was 11.7 cents a pound compared with 8.8 cents a year before. The seasonal low point in farm prices of chickens usually occurs in December.

Receipts of eggs at the four markets in November were 522,000 cases compared with 452,000 cases a year before, and a 5-year average of 513,000 cases. This is the first time in several months that current receipts have exceeded those of the year before or the 5-year average. Mild weather was an important factor in causing this. Receipts of dressed poultry at the four markets in November were 62,200,000 pounds compared with 78,300,000 pounds a year ago and a 5-year average of 70,000,000 pounds. Receipts are likely to continue relatively low during the next 2 or 3 months. However, hatchery reports indicate an increase of over 160 percent in number of salable chicks hatched in October, compared with a year earlier, and nearly as much of an increase in chicks for later delivery. Most of these chicks are for winter broilers.

Cold storage stocks of case eggs on December 1 were 2,380,000 cases compared with 2,641,000 cases a year ago and a 5-year average of 2,814,000 cases. Cold storage stocks of frozen poultry on December 1 were 105,649,000 pounds compared with 91,200,000 pounds a year before and a 5-year average of 94,200,000 pounds. The quantity of poultry in storage on February 1 is of importance in governing poultry prices in the spring and early summer.

LAMBS

Prices of slaughter lambs advanced sharply during the last week of November and the first week of December after fluctuating since mid-September around a level of $6.50 per 100 pounds for the better grades at Chicago. The average of $7.24 during the week ended December 8 was the highest price at that market since mid-July. Prices of yearlings and of fat slaughter ewes also rose slightly. Prices of feeder lambs did not improve until the first week in December when they advanced about 30 cents. The farm price of lambs, November 15, was $4.84, compared with $4.81 in October, $4.86 in September, and $4.95 in November last year and the pre-war November average of $5.47. The rise in prices was caused by a sharp reduction in market supplies of live lambs, a somewhat better demand for the dressed product in eastern markets, and improvement in the demand for wool.

Slaughter of sheep and lambs under Federal inspection in November totaled 1,368,000 head, including ewes slaughtered for government account, or only 12,000 more than in November last year when no government sheep were included. Slaughter for commercial use, therefore was considerably smaller than that of a year earlier. Receipts of sheep and lambs at the seven principal markets for commercial account were about 23 percent smaller than in November last year and were 36 percent smaller than the 5-year average for the month.

Shipments of feeder lambs through inspected stockyard markets into the Corn Belt States in November were much smaller than in November last year and the decline from October to November was greater this year than usual. Total shipments through these markets to the Corn Belt from July to November inclusive amounted to 1,492,000 head compared with 1,219,000 a year earlier and the 5-year average of 1,700,000 head. Shipments to Indiana, Illinois and Iowa were more than twice as large as in the corresponding period of 1933. The direct movement from the range into Iowa also has been relatively large and the total number of lambs fed in that State this winter apparently will be unusually large.

In the Western States, the number of lambs fed this season will be much smaller than last winter. Fed lambs from the Corn Belt generally are marketed earlier than those fed in the Western States. Consequently, supplies of lambs for market during the late winter and spring are expected to be relatively small. A substantial advance in lamb prices during that period, therefore, seems probable.

WOOL

Because of the large supplies of domestic wool available no material advance in domestic wool prices appears probable during the remainder of the 1934-35 selling season (up to April 1, 1935) but conditions generally in the domestic wool market have improved considerably in the last 2 months.

Wool has been moving in the Boston market in recent weeks in greater volume than at any time since last February. Price quotations on wool at Boston have shown no distinct change since the middle of October, but a larger proportion of wool is now being sold at quoted prices than earlier in the season. Manufacturing operations have been greatly expanded in United States wool textile mills. Trading and manufacturing activity also have shown a moderate improvement since September in most European textile centers. Prices of wool in foreign markets advanced slightly in October and early November but prices have been somewhat irregular in recent weeks.

For the week ended December 8 quotations for fine (64s, 70s, 80s) strictly combing territory wool at Boston averaged 76.0 cents a pound scoured basis and for 3/8 blood(56s) quotations averaged 66.5 cents compared with 85 cents and 81.5 cents a pound respectively for these grades during the week ended December 9, 1933. Prices of territory wools have shown little change since late August. Prices for Ohio and similar fleece wools were more irregular during the summer and early fall months but have been firm since the middle of October. The United States average farm price of wool as of November 15 was 19.2 cents a pound compared with 19.3 cents on October 15, and 23.8 cents on November 15, 1933.

Manufacturing activity in the United States wool textile industry increased rapidly after the settlement of the strike of textile workers in September. Consumption in October was greater than in any month since the first quarter of the year. The increased manufacturing activity apparently was partly seasonal in character, but it may also be partly the result of the need for replenishing stocks of manufactured goods after a long period of low manufacturing activity which was not accompanied by a corresponding decline in consumer purchases. The Bureau of the Census reports that after an adjustment for the variation in the number of working days the consumption of combing and clothing wool on a clean equivalent basis, by 509 identical mills in the 4 weeks ended October 27, was 91.1 percent higher than in the 5 weeks ended September 29. Total consumption of such wool by mills representing practically the entire industry was 12,708,000 pounds in clean equivalent in the 4 weeks ended October 27 compared with 7,967,000 pounds consumed in the 5 weeks ended September 29.

Receipts of domestic wool at Boston in October and November were smaller than in those months of the 2 preceding years but were above the average for the 5 years, 1929-1933. Total receipts from April 1 to November 30, however, remained well below average. Only 167,000,000 pounds were reported to the Boston grain and flour exchange in those months of the present season compared with 242,000,000 pounds last season and an average of 215,000,000 pounds for the April to November period in the 5 years, 1929-1933. United States imports of combing and clothing wool for consumption from January to October were 19,660,000 pounds compared with net imports of 36,386,000 pounds from January to October 1933.

Preliminary estimates of wool production for 1934 in Argentina and Uruguay have recently become available. Production in Argentina is now expected to total 366,000,000 pounds, an increase of 5 percent as compared with 1933. An increase is also indicated for Uruguay, the provisional estimate being 115,000,000 pounds or 10 percent above last season's clip. Including these two South American countries production in 20 countries

for 1934 is now estimated at 2,713,000,000 pounds, an increase of about 1 percent above 1933 but a decrease of 3 percent as compared with 1932, the year of record production. These 20 countries in 1933 produced over four fifths of the world's wool clip exclusive of Russia and China. The estimated reductions in 1934 in the United States, the Union of South Africa, and the United Kingdom apparently have been offset by increases in Australia, New Zealand, Argentina, Uruguay.

COTTON

Domestic cotton prices during November and the first half of December continued comparatively steady with the price in the 10 markets averaging around 12-1/2 cents. The price of American cotton continued high relative to foreign growths and exports of American cotton continued relatively low while exports of Indian and Egyptian have been comparatively high during recent months. With the exception of 1932 domestic mill consumption of raw cotton in November was the highest for the month since 1929, but consumption for the first 4 months of the current season was the lowest for the period with one exception since 1920-21. Total cotton consumption in foreign countries in November was probably about the same as a year earlier, but owing to the use of smaller proportions of American cotton, consumption of American was considerably below November last year.

Domestic cotton prices continued rather steady during the past month with the daily average price of Middling 7/8 in the 10 designated markets fluctuating within a few points of 12-1/2 cents. Since the latter part of September the daily average of the 10 designated markets has ranged between 12.15 cents and 12.74 cents. The average price at these markets in November was 12.46 cents compared with 12.40 cents in October and 9.65 cents in November 1933. The price of American cotton in Liverpool continues high relative to the price of foreign growths. During November three types of Indian averaged 67.7 percent of the price of American Middling and Low Middling and during the first 4 months of the current season averaged about 66.4. During November last year the ratio between these types of cotton was 77.3 and the average for the 10 years ended 1932-33 was about 81. From October 1920 to August 1934 there were only 3 months in which the price of these two grades of American averaged as high relative to the three types of Indian as during the first 4 months of the current season.

Exports of American cotton during November amounted to about 572,000 running bales. This was about 37 percent less than in November last year and 49 percent below the November average for the 10 years ended 1932. During the first 4 months of the season total exports of American cotton were about 44 percent below the corresponding period last season, about 42 percent below the 10-year average for the period and the smallest for these months since 1920-21. Exports of Indian cotton for the first 3 months this season were 34 percent above a year earlier but slightly less than the 10-year average for these 3 months. Exports of Egyptian cotton during the 4 months ended November 30, 1934 were about 7 percent below the corresponding period last season but 17 percent above the 10-year average. The high price of American cotton relative to Indian and Egyptian accounts in part for the low level of exports of American and the relatively high level of exports of Indian and Egyptian.

Domestic mill activity continued comparatively high during November, total cotton consumption amounting to about 477,000 bales compared with 475,000 bales in November last year. Domestic mill consumption for the first 4 months of the current season, however, was about 17 percent below the corresponding period last season and the smallest for these 4 months since 1930-31 and with that exception since 1920-21. Trade reports indicate that at least in some lines of cotton textile constructions, sales during November were equal to or in excess of production. Stocks of cotton cloth in cotton mills at the end of November were probably considerably below the high levels of a few months ago, but it is believed that they were above those at the end of November 1933.

Trade reports indicate that mill activity on the Continent of Europe in November remained about at the October level. In Great Britain, mill activity during November was apparently considerably higher than during September and October and was back to about the level of last January. Yarn production and cotton consumption in Japan reached a new high level in October and apparently continued at about a record level during November. Cotton consumption in foreign countries as a whole during November was probably not greatly different from that of November last year, but owing to the use of smaller proportions of American cotton, foreign consumption of American was considerably smaller than in November last year.

The 1934-35 world production of all cotton has been tentatively estimated at 23,300,000 bales of 478 pounds. This represents a decline of 2,800,000 bales from the estimated 1933-34 production and is the smallest since 1923-24. The decline in the estimated world production is more than accounted for by the decline in the United States crop which is now estimated at 9,731,000 bales compared with 13,047,000 bales in 1933-34. The 1934-35 production in foreign countries is tentatively estimated at 13,569,000 bales, this is about 500,000 bales larger than the estimate for 1933-34 and the largest on record.

Business statistics relating to domestic demand

Year and month	Industrial production 1/	Factory payrolls 2/	Factory employment 2/	Commodity prices: United States: Prices paid farmers 3/	Commodity prices: United States: Wholesale 4/		Commodity prices: Foreign 5/: In foreign currency	Interest rates 6/	Industrial stock prices 7/
	1923 - 1925 = 100				1910-1914 = 100	1926 = 100			
1929 -									
July	124	107	106	147	141	96	94	6.00	344
1930 -									
Jan.	106	96	97	145	135	92	90	4.94	252
July	93	84	90	120	123	84	83	3.16	232
1931 -									
Jan.	83	70	80	101	114	78	76	2.85	168
July	82	66	77	86	105	72	74	2.00	143
1932 -									
Jan.	71	54	69	71	98	67	71	3.83	79
July	58	40	59	63	94	64	67	2.54	46
1933 -									
Jan.	65	40	60	60	89	61	68	1.44	62
Mar.	59	37	59	55	88	60	66	3.30	58
Apr.	66	39	60	58	88	60	66	2.60	65
July	100	51	72	83	101	69	68	1.75	100
Aug.	91	57	76	79	102	70	68	1.75	98
Sept.	84	59	80	80	103	71	69	1.53	100
Oct.	76	59	80	78	104	71	69	1.50	93
Nov.	72	56	76	80	104	71	69	1.50	96
Dec.	75	54	74	78	103	71	68	1.50	99
1934 -									
Jan.	78	54	73	77	105	72	69	1.50	103
Feb.	81	61	78	83	107	74	69	1.50	107
Mar.	84	65	81	84	108	74	69	1.26	102
Apr.	85	67	82	82	107	73	69	1.25	104
May	86	67	82	82	108	74	68	1.18	95
June	83	65	81	86	109	75	68	1.00	97
July	76	60	79	87	109	75	69	1.00	94
Aug.	73	62	80	96	112	76	70	1.00	92
Sept.	71	58	76	103	113	78	70	1.00	90
Oct.	73	61	79	102	112	76	69	1.00	94
Nov.				102				1.00	99

1/ Federal Reserve Board index, adjusted for seasonal variation.
2/ Bureau of Labor Statistics indexes, without seasonal adjustment.
3/ United States Department of Agriculture, August 1909 - July 1914 = 100.
4/ Bureau of Labor Statistics index.
5/ Weighted average of index for eight foreign countries - United Kingdom, Canada, China, Japan, France, Italy, Germany, and the Netherlands.
6/ The Annalist. Average of daily rates on commercial paper in New York City.
7/ Dow-Jones index is based on daily average closing prices of 30 stocks.

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